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REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FOR THE YEAR ENDED 31 DECEMBER 1999*/

*/ An annex contains follow-up actions by the Administration to implement the Board's recommendations for 1998, as well as the comments of the Board.

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CHAPTER I

REPORT OF THE BOARD OF AUDITORS

Summary

The Board of Auditors has audited the operations of the voluntary funds administered by the United Nations High Commissioner for Refugees at the headquarters of the Office of the United Nations High Commissioner for Refugees (UNHCR) at Geneva and at its offices in Algeria, Argentina, Colombia, Ghana, the Netherlands, Nigeria, Poland, Romania and Uganda for the period from 1 January to 31 December 1999. The Board has also validated the financial statements of the voluntary funds administered by the High Commissioner.

The Board's main findings are as follows:

(a) Non-expendable property disclosed in the notes to the financial statements did not include comprehensive inventory lists of UNHCR headquarters and its field offices. Accordingly, the historical costs disclosed did not reflect the full and accurate valuation of non-expendable property;

(b) Thirteen implementing partners had a total of some $8.2 million long outstanding advances. Eight of those implementing partners had not submitted the final sub-project monitoring reports, which delayed closure of the projects;

(c) The requirement for implementing partners to submit audit certificates, although not fully complied with, had reached the target of 70 per cent set by the Administration;

(d) Decline in voluntary contributions from donor countries poses a liquidity risk for UNHCR;

(e) There was inadequate segregation of functions in the field offices to ensure checks and balances of responsibility;

(f) The MINDER asset tracking system had been inadequate to capture accurate and complete non-expendable property databases and had failed to provide support to the effective tracking and decentralized management of UNHCR assets.

The Board recommended that the Administration should:

(a) Improve presentation of non-expendable property in the notes to the financial statements;

(b) Ensure that the reconciliation of account balances between headquarters and field offices is regularly done;

(c) Strengthen programme planning to allow proper monitoring and evaluation of programme implementation, and strictly adhere to the United Nations accounting standards.

A list of the Board's main recommendations is included in paragraph 13 of the report.

A. Introduction

1. In accordance with paragraph 22 of the statute of the Office of the United Nations High Commissioner for Refugees (UNHCR), the Board of Auditors has audited the financial statements of the voluntary funds administered by the High Commissioner for the period from 1 January to 31 December 1999. The audit was conducted in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that the Board plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 January to 31 December 1999 had been incurred for the purposes approved by the Executive Committee of UNHCR, whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules and whether the financial statements of the voluntary funds administered by the High Commissioner for Refugees presented fairly the financial position as at 31 December 1999. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered necessary to form an opinion on the financial statements.

3. The audit was carried out at UNHCR headquarters in Geneva and at its offices in Algeria, Argentina, Colombia, Ghana, the Netherlands, Nigeria, Poland, Romania and Uganda.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations of the United Nations. The Board has also reviewed the adequacy of internal controls and the efficiency of procedures relating to cash, assets, procurement and human resource management, as well as the management of projects. The Board also undertook special reviews of the implementation by UNHCR of projects funded by the United Nations Fund for International Partnerships.

5. The Board continued its practice of reporting the results of specific audits through audit observations and management letters containing audit findings and recommendations to the Administration. The practice allowed an ongoing dialogue with the Administration on audit issues.

6. The present report covers matters which, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the present report were communicated to UNHCR. The Administration has confirmed the facts on which the Board's observations and conclusions are based and has provided explanations and

answers to the Board's queries. The report covers the audit of both financial and management issues.

7. The Board's main recommendations are contained in paragraph 13. The detailed findings are discussed in paragraphs 15 to 80.

1. Previous recommendations not fully implemented

8. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has highlighted separately below those recommendations which have not been fully implemented by UNHCR. The Board has indicated the current stages of implementation in the present report. The years shown in parentheses, starting from 1995, are those in which the Board recommended that the Administration:

(a) Ensure timely signing of sub-agreements with implementing partners (1995, 1996 and 1998);

(b) Make the preparation of work plans an integral part of the project planning and monitoring process (1995, 1996 and 1998).

9. Concerning recommendation 8 (a) above, the Board still noted delays in the signing of the sub-agreements with the implementing partners. The Administration informed the Board that the situation would continue to prevail in view of the operational environment in which UNHCR has to work, and that there were no additional measures that UNHCR could take. The Board would still urge that UNHCR field offices ensure that sub-agreements are concluded before the commencement of the project.

10. On recommendation 8 (b), the Board noted that UNHCR programme planning in the field offices still needed to be improved. The Board's audit revealed that a number of field offices had not prepared the work plans as required. The Administration informed the Board that in most cases, work plans were prepared when the programme planner felt the need for one. A revision to the UNHCR Manual was under preparation to address the issue.

11. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made by the Board in its report for the year ended 31 December 1998. Details of actions taken and the comments of the Board are outlined in the annex to the present report.

12. The General Assembly, in its resolution 52/212 B of 31 March 1998, accepted the recommendations of the Board of Auditors for improving implementation of its recommendations approved by the General Assembly subject to the provisions contained in the resolution. The Board's proposals, which were transmitted to the General Assembly in a note by the Secretary-General (A/52/753, annex), included the following elements:

(a) The need for specification of timetables for the implementation of recommendations;

(b) The disclosure of office-holders to be held accountable;

(c) The establishment of an effective mechanism to strengthen oversight in regard to the implementation of audit recommendations. Such a mechanism could be in the form of either a special committee comprising senior officials or a focal point for audit and oversight matters.

The Board noted that UNHCR had generally complied with those requirements.

2. Main recommendations

13. The Board recommends that the Administration:

(a) Ensure complete and accurate disclosure of non-expendable property; urge all field offices to submit updated inventory databases; prepare the comprehensive database for non-expendable property based on the same cut-off date; and conduct on a regular basis physical stock checks (para. 21);

(b) Reconcile the unliquidated obligations reported at year-end by field offices to ensure that there is no overstatement of expenditures in the accounts (para. 24);

(c) Urge implementing partners with long outstanding advances to submit their final sub-project monitoring reports and facilitate the clearance of projects (para. 32);

(d) Continue to make efforts to encourage implementing partners to submit the required audit certificates (para. 37);

(e) Immediately address the roll-out of the new asset management system for effective management and control of assets (para. 60);

(f) Require all field offices to provide adequate segregation of incompatible functions, such as accounting, procurement and cashiering, to ensure strong checks and balances of responsibility and to adhere strictly to the United Nations Financial Regulations and Rules (para. 66);

(g) Streamline project implementation by ensuring that release of instalments to implementing partners are on time (not delayed nor in advance), that sub-project monitoring reports are regularly submitted by the field offices to allow headquarters to assess the progress of the ongoing projects. The Board also suggests that field offices closely monitor the performance of implementing partners to provide them with adequate information to determine whether those implementing partners should be considered for future UNHCR projects (para. 77);

14. The Board's other recommendations are presented in paragraphs 27, 44, 62, 64, 70, 72, 74 and 79.

B. Financial issues

1. Financial statements

United Nations accounting standards

15. The Board assessed the extent to which the UNHCR financial statements for the year ended 31 December 1999 conformed to the United Nations accounting standards. The review indicated that the presentation of the financial statements was generally consistent with the standards, except that further work was needed to bring the financial statements fully in line with those standards, particularly on the fair presentation of the non-expendable property disclosed in the notes to the statements.

Valuation of the non-expendable property disclosed in the notes to the financial statements

16. The computerized MINDER asset management system of UNHCR was developed to record all headquarters and field office assets, from source of purchase to destination. The field offices are required to submit each quarter an updated diskette containing an inventory of their assets for consolidation into the headquarters inventory. The system, as envisaged, should allow headquarters a transparent and accurate view of all inventory control activities undertaken by each field office. Field offices are required to conduct a physical check once a year of all assets having an original acquisition value above $500. During the physical check, an appropriate record should be made of all inactive equipment that may be unserviceable, under repair or surplus.

17. In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets, but is charged as expenditure to the appropriate project in the year of acquisition. The value of non-expendable property is maintained in the MINDER asset tracking system and their historical cost disclosed in the notes to the financial statements.

18. The Board noted that the valuation of the non-expendable property disclosed in the notes to financial statements did not reflect its total value, since not all acquisitions of assets were consolidated in the MINDER database.

19. As at 31 December 1999, non-expendable property in 24 field offices had not been consolidated in the MINDER database. Non-expendable property databases consolidated in the MINDER did not have the same cut-off dates of submission of inventory databases. Items with acquisition costs of $1,500 and below, valued at $18,287,196, were still included in the non-expendable property disclosed in the financial statements, thus resulting in an overstatement of historical cost presented. Moreover, physical existence of non-expendable property reported by field offices as at 31 December 1999 could not be validated, as the physical check of non-expendable property had not been undertaken.

20. The Board is concerned that the non-expendable property disclosed in the notes to the financial statements did not include the comprehensive inventory

of all non-expendable property of UNHCR headquarters and field offices. The Board's further comments on this issue are contained in the present report.

21. **The Board recommends that UNHCR:**

(a) Ensure complete and accurate disclosure of non-expendable property;

(b) Urge all field offices to submit updated inventory databases on non-expendable property;

(c) Prepare the consolidated database for non-expendable property based on the same cut-off date;

(d) Urge all field offices to conduct on a regular basis physical stock checks.

22. The Board's other comments in respect of the non-expendable property are contained in paragraphs 45 to 60 of the present report.

Unliquidated obligations

23. The Board reviewed a sample of 43 projects with unliquidated obligations of $49,780,362 representing 30 per cent of the total unliquidated obligations of $165,339,574 as at 31 December 1999. The review disclosed that 27 of these sampled projects, with a total value of $29,983,869 of unliquidated obligations, had been overstated by $6,629,293. The list of unliquidated obligations submitted by field offices disclosed that only 77 per cent, or $23,354,576, were reported, hence the overstatement of $6,629,293. The Board is concerned that this situation not only overstated the unliquidated obligations but also reduced the reserves and fund balances by the same amount, because when expenditures are overstated, as in this case, the net amount that goes into the reserves and fund balances is reduced.

24. **The Board recommends that UNHCR headquarters ensure that reconciliation is made of unliquidated obligations recorded in the headquarters pertaining to the field offices to determine the extent of the overstatement and accordingly make the necessary adjustments in the accounts.**

Provision for uncollected contributions

25. The Board noted that UNHCR had cancelled an average of $11,717,431 in contributions receivable, or an equivalent 4.98 per cent, over a five-year period. The Board was concerned that these cancellations would indicate that not all voluntary contributions receivable are eventually collected in subsequent years and that there had been no provision made for uncollected contributions.

26. The Administration informed the Board that the level of cancellations of uncollectible contributions had been low and that providing for non-collectible contributions could give the donors the impression that non-payment of pledges was acceptable. UNHCR was committed to monitoring future developments and would consider the setting up of a provision for uncollected voluntary contributions receivable when required by financial prudence. The Board, however, considered that, under the United Nations accounting

standards, United Nations agencies with income from voluntary contributions are encouraged to make a provision for unpaid contributions.

27. **The Board recommends that UNHCR establish a provision for uncollected voluntary contributions receivable to show the net realizable value of the voluntary contributions receivable.**

2. Cash advances to implementing partners

28. In its report for the financial year ended 31 December 1998,[1] the Board recommended that advances to implementing partners should be treated as accounts receivable at the time the advances were made and should be cleared to expenditure on receipt of satisfactory financial reports.

29. UNHCR informed the Board that, as part of its new financial management systems development, that requirement was included in the specification of the Integrated Systems Project. Furthermore, UNHCR would consider instalments to implementing partners as a working advance and record it as a current asset (i.e., as with an accounts receivable) and simultaneously, UNHCR would record the expenditure and create an obligation. The implementation of this change in UNHCR's accounting would be introduced gradually during 2002, when the roll-out would commence in some offices, with expected completion in 2003.

30. The Administration further reported that the situation had improved and the outstanding balance in respect of the period 1994 to 1997 had been brought down from $63.5 million as at 31 March 1999 to $32.3 million as at 31 December 1999. With regard to 1998 projects, the balance of $92 million as at 31 March 1999 was brought down to $23.4 million as at 31 December 1999. The balance outstanding for 1999 projects stood at the end of the year at $149.4 million.

31. The Board recognized the efforts of UNHCR in reducing the outstanding balance of advances to implementing partners. However, it noted that 13 implementing partners from the 112 projects sampled had total outstanding advances of $8.2 million as at 31 December 1999, some of which had been outstanding since 1994. Of these 13 implementing partners, 8 had not submitted the final monitoring report on the sub-projects implemented, which should be the basis for the settlement of advances given to them by the Administration. The Board further noted that, despite the non-submission of the sub-project monitoring report, these implementing partners were given advances for other projects, either in the same country but for another year, or in different countries and different years.

32. **The Board recommends that UNHCR urge implementing partners with long outstanding advances to submit final sub-project monitoring reports and facilitate the clearance of advances.** The Board suggested that UNHCR determine whether these implementing partners should continue to be eligible for implementing UNHCR's sub-projects in view of their repeated non-compliance with the provisions of the sub-agreement on the submission of final sub-project monitoring reports upon termination of the sub-project.

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[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5E* (A/53/5/Add.5), Chap. I

Audit certificates from implementing partners

33. The Board, in its 1998 report,[1] had recommended that UNHCR assess the reasons for non-compliance by respective Governments and non-governmental implementing partners with the requirement to render audit certificates as prescribed in the sub-agreements, and should draw up a strategy, in consultation with the Board, for securing sufficient audit certificates, based on the materiality and perceived level of risk of individual projects, to provide adequate evidence in support of expenditure reported by implementing partners.

34. The Administration, in response, informed the Board that, during the last quarter of 1999, UNHCR had developed a new policy to be applied for projects implemented in 2000. The policy was presented to the Board in a discussion paper which contained proposals for a number of options to improve the quality, relevance and compliance of audit certificate within each of the categories and a different conceptual approach to the role of audit certificates in the process of auditing UNHCR financial statements.

35. The Board, however, noted that as at the end of the third quarter of 1999, the overall compliance rate of the implementing partners was only 37.23 per cent or a 7.23 per cent increase over that reported in July 1999.

36. The Administration informed the Board that the updated compliance status for 1998, by category, at end of March 2000 is as follows: government partners, 55 per cent; international non-governmental organizations, 88 per cent; and national non-governmental organizations, 47.1 per cent, and that the overall compliance rate had reached the expected 70 per cent mark set by UNHCR.

37. **The Board recommends that UNHCR continue to make efforts to encourage implementing partners to submit the required audit certificates.**

3. Write-off of losses of cash, receivables and property

38. In accordance with United Nations financial regulation 10.4, the Administration reported that cash amounting to $37,195 was reportedly written off during the year. The write-off included $21,622, representing the unspent balance of the advances paid to an implementing partner in Mozambique. Attempts by the Office in Maputo to recover the unspent balance proved futile. In the UNHCR field office in Gali, Georgia, a robbery took place in April 1997 and the thieves took funds of $7,311 from the safe.

39. The details of property and other categories of losses as reported to the Asset Management Board at headquarters, and written off during 1999, were as follows:

Category	Value (United States dollars)
Accident	34 031
Hijacking	81 083
Theft	315 647
Looting	2 721 220
Loss of property	34 627
Damaged/destroyed	7 137
Wear and tear	15 480
Total	**3 209 225**

4. Ex-gratia payments

40. The Administration informed the Board that no ex-gratia payments were made during the year.

C. Management issues

1. Financial management

Decline in contribution

41. The Board noted with concern the decline in voluntary contributions received by UNHCR and, while expenditures were decreasing, operations have nonetheless resulted in shortfalls of income over expenditures, which were covered by the reserve and fund balances.

42. The Board compared the actual contributions/pledges received during the year and the actual expenditures paid/disbursed in the same year and noted that an average of 40.01 per cent of the reserve fund was used to cover shortfalls in income overexpenditures. While the shortfalls in the last three years have been on a downward trend, they nonetheless reduced the reserve fund. The Board's analysis of the average shortfalls during these periods and the 1999 beginning balance of reserve and fund, exclusive of the reserve requirements, revealed that UNHCR may not have enough funds to cover shortfalls in less than two years, as shown below:

	(In United States dollars)
Reserve/Fund balance beginning	195 819 659
Less: Reserve requirement	58 000 000
Available to cover shortfalls	137 819 659
Average shortfall, 1996-1998	110 652 427

43. The Board was concerned that the situation could pose a problem to the Administration if and when any unforeseen emergencies or budgeting

requirements occur before the donors eventually pay the contributions. The decrease of contributions from donor countries poses a serious liquidity risk for UNHCR and could impact on the delivery of service to its clients.

44. **The Board recommends that UNHCR intensify its efforts to increase pledges/contributions from donors and to reduce programme costs/expenditures, thus making it feasible for UNHCR to operate at a more acceptable level without compromising the delivery of service to its intended beneficiaries or clients.**

2. Asset management

MINDER system

45. UNHCR acquired and piloted the MINDER asset management system in 1995 to allow the Administration to accurately record the equipment and other assets purchased at headquarters and in the field offices, and to achieve full visibility and control over those assets and implementing partners, non-governmental organizations and government agencies involved in the same endeavour.

46. The MINDER system had an initial budget of $1.20 million to cover, inter alia, software purchased for pilot implementation, plus licences for software for other countries; hardware purchase from barcode readers, training and supplies and maintenance costs.

47. MINDER was never fully implemented since its inception in 1994, owing to some system problems, procedural issues and organizational support. The organization-wide systems review for year-2000 compatibility indicated that the MINDER system was not Year-2000 compliant. System programming limitations encountered in the fourth quarter of 1999 precluded the inclusion of inventory records for 76 field offices into the consolidated records. As such, the historical costs and accumulated depreciation shown are not inclusive of all non-expendable property recorded in 1999.

48. The Board, in its report for 1997,[2] recommended full implementation of MINDER to reflect correctly the assets, and to improve control and management of UNHCR assets. The Board noted in the same report from the statistics provided by the Administration that 90 per cent of the unrecorded assets were in 13 countries. The Board observed that the teams sent to focus on installation and setting-up of MINDER in the field offices had made little progress in this aspect since it discovered that MINDER was not year-2000 compliant. The Board, in its 1998 report, reiterated its recommendation that the Administration should take prompt action to complete the installation of MINDER in all field offices and implement all aspects of the system so that the records would correctly reflect the assets held by UNHCR and its implementing partners.

49. The MINDER system should have provided the value of non-expendable property to be disclosed in the notes to financial statements. The system,

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[2] Ibid., *Fifty-second Session, Supplement No. 5E* (A/52/5/Add.5), Chap. I.

however, failed to provide an accurate presentation of the non-expendable property in the notes to the financial statements. As at 2 November 1999, reports coming from the Budget and Finance Sections, representing administrative and operational acquisitions of non-expendable property, respectively, disclosed a discrepancy of $64,359,770, when compared to the MINDER value on 4 November 1999, detailed as follows:

	(In United States dollars)
Budget Section	10 981 287
Finance Section	57 444 811
Total	**68 426 098**
MINDER	4 067 328
Difference	**64 358 770**

50. The Board noted that the non-expendable property databases consolidated into the MINDER database had not been updated to reflect the true value of the non-expendable property as of 31 December 1999 shown in the notes to the financial statements. The 1999 MINDER status report of UNHCR showed that 23 field offices submitted their fourth quarter non-expendable property databases but these were not considered in the consolidated MINDER database, owing to some technical problems. Moreover, as at 31 December 1999, out of the 129 offices, there were 24 field offices (22 per cent), including inactive and closed offices, which had not submitted their inventory listing for inclusion in MINDER, thus understating the value of non-expendable property in the notes to the financial statements by the amount which could not be determined because of lack of data/information from the field offices concerned.

51. UNHCR informed the Board that, in a report prepared in 1999, out of 129 countries, 83 had submitted at least one MINDER database diskette. The database diskettes could not be consolidated into the local area network (LAN) database, owing to technical problems at headquarters. The telecommunications and computer asset types showed that the resulting average age is four years and four months, increasing to seven years and eight months for other types of equipment, which indicates that not all new assets purchased within the past few years had been recorded in MINDER.

52. Furniture and equipment with a total historical value of $4,182,695, acquired since 1996, maintained by the Building Services Unit and recorded in Archicad software, had not been taken up as non-expendable property of the organization, contrary to United Nations accounting standards and existing administrative instructions in that regard.

53. The non-expendable property as at 31 December 1999 consisted of MINDER databases with different cut-off dates. Of the 109 field offices that had submitted non-expendable property databases, only 24 (22 per cent) contained information as at 1999. Acquisitions/disposals of non-expendable property since the time of last update were not reflected in the notes to the financial statements. Thus, the net value of the non-expendable property disclosed in the notes to the financial statements was understated by the amount

representing the net value of asset from the cut-off dates identified in the submission as at 31 December 1999.

54. As at 31 December 1999, approximately $18,287,196 worth of the non-expendable property costing below $1,500 was still included in the notes to the financial statements, contrary to the existing administrative instruction. This overstated the non-expendable property by the same amount, notwithstanding the special assets, representing a minimal amount, identified by management at 0.03 per cent of non-expendable property below $1,500.

55. There was non-expendable property totalling 6,187 which had been recorded at nominal value of $99.99. The actual value of this non-expendable property was unknown as at the reporting date. Owing to the nature of the non-expendable property, however, although it may have been fully depreciated, the gross value was understated by the difference of the actual value and $99.99.

56. The physical existence of the non-expendable property of UNHCR could not be validated, as the physical stock check had not been successfully undertaken. This is contrary to management's financial assertion that the non-expendable property is actually existing.

57. The Board was concerned about the fact that it had taken some five years for the Administration to finally assess the efficiency and effectiveness of MINDER as an asset tracking system that was originally envisaged to accurately record the equipment and other assets of UNHCR at the core of its supply chain process and as a major means of support to the decentralized management of its assets.

58. The Board noted that MINDER had been discontinued globally as at 31 December 1999 and that the roll-out of a new asset management system, called AssetTrak, which was programmed to replace MINDER on 1 January 2000, had not yet occurred. The gap and other technical deficiencies in MINDER which could adversely affect the new asset tracking system had not been resolved and inventory databases had not been updated. The Board is concerned that the beginning balances of non-expendable property that would be uploaded into the new system are not accurate and complete. With the difficulties noted in consolidating information from the UNHCR headquarters and its field offices, data integrity could not be assured since the MINDER records were inadequate.

59. The Administration informed the Board that the delay in the roll-out was owing to the resource constraints in the final working version of the software conversion programme and agreed that any delay in the implementation would adversely impact the submission of non-expendable property reports.

60. **The Board recommends that UNHCR immediately address the roll-out of the AssetTrak system to facilitate the recording and reporting of non-expendable property. The Board further recommends that UNHCR ensure that the beginning balances of non-expendable property that would be uploaded into the new system are accurate and complete.**

Assets disposal

61. The Board noted the inadequate control over the disposal of assets by some field offices and their non-compliance with the existing relevant policy. In one field office, unserviceable assets were not recommended to the headquarters Asset Management Board for disposal. In another field office, four computers remained idle and were not considered for transfer to another location where they could be used. The implementing partners disposed of assets without informing the UNHCR field office of the disposal. Apparently some assets directly purchased by the implementing partners were not covered by the Simplified Agreement on the Use of UNHCR Assets, which facilitated the transfer of these assets from one location to another without seeking UNHCR approval. Assets disposed of through donation and assets that were already unserviceable were still included in the list of active assets in some field offices. Cases of loss or theft of assets were reported by the field offices to the headquarters Asset Management Board from one to four years after the incident. The Administration informed the Board that sometimes delays in reporting were due to civil disturbances, following which UNHCR staff were not allowed to return to the country/project site and so were unable to prepare the case documentation and also to difficulties in obtaining a police report which is required to be submitted to the headquarters Assets Management Board.

62. **The Board recommends that UNHCR urge the field offices to comply with the existing policy on assets disposal in order to strengthen controls over them.**

3. Budgetary control and other controls

Budget overruns

63. The Board noted cases of budget overruns in three field offices, particularly in expenditure items such as miscellaneous services, contractual services and temporary assistance, ranging from 26 to 223.42 per cent. Travel, communications and others exceeded the budgets by 69, 98 and 149 per cent, respectively. In the case of expenditures for premises and acquisitions, the excess over the budget was even more pronounced, registering 545 per cent and 511 per cent, respectively.

64. **The Board recommends that the Administration urge the field offices to closely monitor their expenditures to avoid exceeding the limits of allotments.**

Other controls

65. The Board observed inadequate segregation of duties between incompatible functions in a number of field offices. In one field office, the same person was tasked to request price quotation and to evaluate the same; he also received/accepted the delivered items and recorded them in the books. In two field offices, the Administrative Officer performed accounting, procurement, custody and issuance of stationery and cashiering, which are incompatible functions. In another field office, the Administrative Officer performed accounting, procurement, custody and issuance of supplies, cashiering functions, and operated the Asset Management Tracking system. In two field

offices, payment vouchers and their supporting documents were not voided or stamped paid to prevent their reuse, and payment vouchers covering purchases were not supported by complete documentation to ensure the propriety of the transaction. In other field offices, not only were the supporting documents lacking, but the payment vouchers were not prepared before payment; petty cash vouchers were not prepared whenever payment was made, some of the petty cash vouchers were not properly authorized and other petty cash vouchers were not duly supported. Other field offices did not maintain complete and accurate records of supplies purchased, received, issued, sold or otherwise disposed of, nor of the inventory on hand, as required under the Financial Regulations and Rules of the United Nations.

66. **The Board recommends that the Administration require all field offices to provide adequate segregation of incompatible functions such as accounting, procurement and cashiering to ensure strong checks and balances of responsibility and to adhere strictly to the United Nations Financial Regulations and Rules.**

4. Human resource management

Monitoring of personnel action

67. The UNHCR payroll is directly handled by the United Nations Office at Geneva, based on the personnel actions issued by the Human Resources Service for matters relating to salaries and entitlements/remunerations of its personnel. The recovery of payments and adjustments of underpayments due to UNHCR personnel are usually done through the United Nations Office at Geneva payroll.

68. The UNHCR Staff Administration and Management Manual stipulates that, in cases of overpayments by the Administration, collection should be limited to the amount overpaid during the 24 months preceding the discovery of the error. Generally, overpayments are recovered in equal monthly instalments, proportionate to the number of months by which the overpayments were made, but in no case longer than the remaining period of the staff member's contract.

69. The Board noted with concern the inadequate monitoring system for personnel actions. Although covered by personnel actions, there is no guarantee that overpayments that need to be recovered from UNHCR personnel will be immediately and fully recovered.

70. **The Board recommends that UNHCR monitor personnel actions with a view to reducing the risk of overpayments to personnel.**

5. Programme management

Coordination in programme management

71. The Board noted the non-submission or late submission by field offices of reports required by headquarters on unliquidated obligations. Consequently, UNHCR headquarters could not immediately determine whether there were still uncommitted funds at the level of the field offices or implementing partners. Moreover, amounts reported by some field offices exceeded the amounts recorded in the books, which indicated that the reports had not been verified/validated nor coordinated by the desk with the respective field offices to ascertain the reasons for the discrepancy.

72. **The Board recommends that field offices be urged to submit timely reports on unliquidated obligations, which should be used by headquarters to make proper adjustments to the records.**

Programme planning

73. The Board noted certain inadequacies in UNHCR programme planning in the field offices. Project documents prepared in five field offices did not contain the substance and level of information called for in the UNHCR Manual. In the Board's review of 30 sub-project files of UNHCR field offices, in 16 cases, the period over which the results should be achieved were not indicated; in 18 cases, a brief explanation of the links between the project objective and the country operation plan was not indicated; the analysis of refugees by age and gender was not indicated in a majority of the cases and, in 28 cases, participation of the refugees in projects depended on the situation. In the area of related inputs, the significant in-kind contributions of the beneficiaries were not indicated in all of the sub-projects. Most of the planned activities and expected outputs were not expressed in measurable terms and performance indicators were not specified. In some cases, the project objective did not make any reference to a needs and resource assessment; the description of the beneficiaries did not conform to the guidelines, which require specific basic demographic data or profiles of a particular beneficiary group; and the roles of UNHCR and the beneficiaries were not discussed.

74. **The Board recommends that UNHCR field offices strengthen their programme planning through the preparation of appropriate planning documents, which could include performance indicators and milestones.**

6. Project implementation in offices away from headquarters

Releases of advances

75. Releases of instalment advances to implementing partners were not timely in some of the field offices audited. Some instalments were paid in advance and others were delayed, or not paid at all; the majority of instalments were released after an average of 33.5 days from the date shown in the agreement. In another case, the subsequent instalment was paid in full, even though the implementing partner had only spent 21 per cent of the previous cash advance.

In another field office, the initial instalment was scheduled before the signing of the agreement. The Board also noted, in one case, the late refund by the implementing partner of its unutilized instalment, although the project had long been completed and, in another case, funds received by the implementing partner from UNHCR had been deposited in a non-interest-bearing account.

Implementation of programmes

76. In its reports for 1994,[3] 1997[2] and 1998,[1] the Board commented on the maintenance of accounts and the implementation of programmes by the implementing partners. The Board found that certain deficiencies in the maintenance of accounting records and implementation of programmes persisted. In two field offices, while the actual accomplishment was minimal, a disproportionate amount of the budget was used. The Board also noted that urban refugees were given more than the six months' provisions in advance, contrary to established UNHCR procedures. The Board also found that no termination reports had been submitted for two projects that ended on 30 June 1999, and that beneficiary cards had not been used to record all assistance extended to refugees.

77. **The Board recommends that UNHCR streamline its project implementation by ensuring that releases to implementing partners are on time (not delayed nor in advance), and that sub-project monitoring reports are regularly submitted by the field offices to allow assessment by headquarters of the progress of the ongoing projects.** The Board also suggests that field offices closely monitor the performance of implementing partners so as to obtain adequate information that will allow them to determine whether those implementing partners should be considered for future UNHCR projects.

7. Implementation of United Nations Fund for International Partnerships projects

Recording of the contribution

78. The Board reviewed the contribution of $1.7 million received by UNHCR from the United Nations Fund for International Partnerships, which was covered by a memorandum of understanding executed during the latter part of 1998. The Board noted that, while the funds should be treated as trust funds only 43 per cent (or $718,036) were recorded as such, while $950,000, which was intended for the Kosovo crisis, was recorded as a special programme.

79. **The Board recommends that UNHCR record all contributions from the United Nations Fund for International Partnerships as trust funds, to ensure proper monitoring and accounting of those contributions.**

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[3] Ibid., *Forty-ninth Session, Supplement No. 5E* (A/49/5/Add.5), Chap. I.

8. Cases of fraud and presumptive fraud

80. As required under the Financial Regulations and Rules of the United Nations, the UNHCR Administration informed the Board that there was no case of fraud or presumptive fraud during the year.

D. Acknowledgement

81. The Board wishes to express its appreciation for the cooperation and assistance extended to the auditors by the High Commissioner and her officers and their staff.

(*Signed*) Sir John Bourn
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(*Signed*) Osei Tutu Prempeh
Auditor-General of Ghana

(*Signed*) Celso D. Gangan
Chairman, Philippine Commission on Audit

30 June 2000

ANNEX

Follow-up on action taken by the Office of the United Nations High Commissioner for Refugees to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 1998[4]

I. RECOMMENDATION 12 (a)

1. UNHCR should treat advances to implementing partners as accounts receivable at the time the advances are made and clear the advances to expenditure on receipt of satisfactory financial reports, and also persevere in its efforts to clear the outstanding balances of cash advances expeditiously, in particular the balances relating to earlier years (para. 27).

Measures taken by the Administration

2. UNHCR had agreed to implement the Board's recommendation and had included this requirement in the specifications of the Integrated Systems Project as part of its new financial management systems development. UNHCR would consider instalments to implementing partners as a working advance and record it as a current asset (i.e. the same as an account receivable). Simultaneously UNHCR would also record the expenditure and create an obligation. The implementation of the change in UNHCR's accounting would be introduced gradually during 2002 and roll-out would commence in some offices, with expected completion in 2003, by which time the recommendation would be fully implemented.

3. During 1999, UNHCR had introduced new rigorous measures to ensure that instalments were not paid to the implementing partners unless they had submitted the required reports. This had greatly contributed to reducing the balances.

Comments of the Board

4. The Board's comments on this matter are contained in the present report.

II. RECOMMENDATION 12 (b)

5. UNHCR should assess the reasons for non-compliance by respective governmental and non-governmental implementing partners with the requirement to render audit certificates as prescribed in the sub-agreements and draw up a strategy, in consultation with the Board of Auditors, for securing sufficient audit certificates, based on the materiality and perceived level of risk of individual projects, in order to provide adequate evidence in support of expenditure reported by implementing partners (para. 35).

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[4] *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 5E* (A/54/Add.5), Chap. I, para. 12.

Measures taken by the Administration

6. During the last quarter of 1999, UNHCR had developed a new policy to be applied for projects implemented in 2000. That policy had been presented to the Board's Audit Operations Committee by the UNHCR Controller in a discussion paper dated 3 March 2000. As a result, the relevant guidelines of the UNHCR Manual and the Standard Clauses of the Agreements to be signed with implementing partners were being revised. UNHCR believed that, with the introduction of these new measures, the compliance rates would improve.

7. The discussion paper mentioned above proposed a number of options for improving the quality, relevance and compliance of audit certificates within each of the categories. It also contained a proposal for a different conceptual approach to the role of audit certificates in the process of auditing UNHCR's financial statements.

Comments of the Board

8. The Board's comments on this matter are contained in the present report.

III. RECOMMENDATION 12 (c)

9. UNHCR should ensure that work plans are programme-specific and that they are prepared as an integral part of the project-planning and monitoring process (para. 53).

Measures taken by the Administration

10. Work plans were not required to be submitted for all (sub-) projects, as they were not always necessary. While the plan to customize and introduce new software in 2000, which would allow the automated production of work plans where necessary, had been endorsed by the Information Systems Steering Committee at its meetings in September 1999, it had been decided in February 2000 not to proceed with the purchase and customization of the proposed software. Instead, the team developing the Protection and Programme Management component of the Integrated Systems Project was analysing the extent to which a newly released PeopleSoft module, the Balanced Scorecard within its Enterprise Performance Management system, would provide the required functionality. A scheduler to facilitate the preparation of work plans would be provided either by this means or through the use of Microsoft Project or a similar project scheduling tool. There was a plan to procure the software in 2000, prototype and test the functionality with a view to incorporating the results into the Integrated Systems Project. In the meantime, field offices could use existing software tools (e.g. MS Project, Excel) to prepare work plans where required.

Comments of the Board

11. The Board notes the efforts undertaken by UNHCR to address this issue.

IV. RECOMMENDATION 12 (d)

12. UNHCR should exercise stricter control over the progress of work of implementing partners in order to ensure achievement of the stated objectives and recover the savings of $371,368 from the implementing partner concerned (para. 68).

Measures taken by the Administration

13. As recommended by the auditors, UNHCR had undertaken a series of démarches with the concerned Government implementing partner to obtain the stated refund of the savings. The Government implementing partner had reiterated that, in its view, since it had contributed its own resources much in excess of the total value of the UNHCR project, the project savings had been appropriately used to meet the refugee emergency of 1996 and should be considered as an offset to its own contribution. UNHCR would continue to pursue the matter.

Comments of the Board

14. The Board will monitor the progress made on the matter.

V. RECOMMENDATION 12 (e)

15. UNHCR should review completed projects to ensure that they are promptly closed (para. 76).

Measures taken by the Administration

16. During 1999, over 330 projects (about 36 per cent) had been closed for the years 1994 to 1998, inclusive. More significant progress has been made on sub-project closure: in 1999, over 2,500 sub-projects had been closed. The Project Unit had conducted project closure refresher training sessions within the bureaux. That activity had directly led to one bureau hiring staff on temporary assistance to focus on their open backlog. The auditors' comments and observations continued to receive their due attention, leading to the timely closure of projects and sub-projects. While the Project Unit in the Financial Resources Service had the overall oversight responsibility for the recommendation, accountability rested with the relevant programme managers at the operations location. Project closure was an ongoing yearly activity and definite timetables for implementation could not be established.

Comments of the Board

17. The Board has commented on this subject in the present report.

VI. RECOMMENDATION 12 (f)

18. UNHCR should update plans still to be implemented under Project Delphi, prioritize those activities which can be implemented with the available

resources and monitor the implementation of those plans to ensure that they achieve their objectives (para. 106).

Measures taken by the Administration

19. The Administration submitted a table showing in detail the update of the plans to be implemented under Project Delphi and assured the Board that the actions indicated in the updated plans would be monitored to ensure that the stated objectives under "Action planned" were achieved.

Comments of the Board

20. The Board will continue to monitor the progress made on this issue in future audits.

CHAPTER II

AUDIT OPINION

We have audited the accompanying financial statements, comprising statements I to III, schedules 1 to 10, the appendix and the supporting notes to the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the period from 1 January to 31 December 1999. These financial statements are the responsibility of the High Commissioner. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis and as considered by the Board of Auditors to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the High Commissioner, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all respects, the financial position as at 31 December 1999 and the results of operations and cash flows for the period then ended, in accordance with UNHCR stated accounting policies as set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the High Commissioner, which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees.

(*Signed*) Sir John Bourn
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(*Signed*) Osei Tutu Prempeh
Auditor-General of Ghana

(*Signed*) Celso D. Gangan
Chairman, Philippine Commission on Audit

30 June 2000

CHAPTER III

STATEMENT OF THE HIGH COMMISSIONER'S RESPONSIBILITIES AND APPROVAL OF THE FINANCIAL STATEMENTS

The United Nations High Commissioner for Refugees is ultimately responsible for the content and integrity of the financial statements contained in the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees which are submitted to the Executive Committee of the High Commissioner's Programme and to the General Assembly of the United Nations.

To fulfil its responsibility, UNHCR operates within prescribed accounting policies and standards and maintains systems of internal accounting controls and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to reviews by the Office of Internal Oversight Services and the United Nations Board of Auditors, during their respective audits.

In this context, the following appended financial statements, comprising statements I to III, schedules 1 to 10, appendix I and supporting notes, were prepared in accordance with the UNHCR Financial Rules (A/AC.96/503/Rev.6) and the United Nations common accounting standards. In management's opinion, the accompanying financial statements present fairly the financial position of the Office as at 31 December 1999, and the results of its operations and its cash flows of individual programmes, funds and accounts for the year then ended.

The Accounts are hereby:

Approved:
(*Signed*) Sadako Ogata
United Nations High Commissioner for Refugees

Certified:
(*Signed*) Jean-Marie Fakhouri
Controller and Director
Office of the United Nations
High Commissioner for Refugees

Geneva
29 February 2000

CHAPTER IV

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

NOTES TO THE FINANCIAL STATEMENTS

(See document A/AC.96/931, *Voluntary Funds Administered by the United Nations High Commissioner for Refugees - Accounts for the year 1999*).

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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Fifty-first session

REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FOR THE PERIOD ENDED 31 DECEMBER 1999

Addendum 1 - Measures taken or proposed in response to the recommendations in the Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1999.

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I. INTRODUCTION

1. In accordance with paragraph 10 of General Assembly resolution 47/211 of 23 December 1992, the following is a report on measures taken or to be taken by UNHCR in response to the Recommendations of the Board of Auditors, as set out in paragraph 13 of their Report (A/AC.96/933). Unless indicated otherwise, all references in the text relate to this document. It also provides information on measures taken or to be taken on previous recommendations not fully implemented as detailed in paragraph 8 of the Report of the Board of Auditors.

Financial management

II. RECOMMENDATION 13(a)

2. Ensure complete and accurate disclosure of non-expendable property; urge all field offices to submit updated inventory databases; prepare the comprehensive database for non-expendable property based on the same cut-off date; and conduct on a regular basis physical stock checks (para. 21);

Measures Taken by the Administration

The management of non-expendable property (NEP) in UNHCR is a decentralized process. In the field, each country operation is responsible for maintaining a complete and accurate database of the NEP under their care and under the care of implementing partners. At Headquarters, NEP management is the responsibility of the Building Service Management Unit. The Asset Management Unit, within Financial Resources Service, is responsible for compiling the figures which are included in the Financial Statement.

Until 1999, the Office was using MINDER software to facilitate the recording of the pertinent NEP data. The software was not Y2K compliant and required upgrading. In the second quarter of 1999, however, the vendor of MINDER notified the UNHCR that it would not continue to support this software in 2000. Moreover, the sofware was found to be not "user friendly" and was beset with technical problems. This led to a low overall compliance rate in NEP data reporting. Nevertheless, Headquarters and the UNHCR Internal Audit Section of OIOS repeatedly urged field offices to submit updated inventory databases throughout the year.

The MINDER software has been replaced with an interim solution, (pending the full rollout of the Integrated Systems Project), known as AssetTrak. AssetTrak is a simplified, "user friendly" programme that operates in the Microsoft Windows operationg system environment. The software was rolled out in May 2000 and the field's response has been very positive, confirming the ease of use and simplicity of the programme. During the rollout, all responsible parties were reminded of the requirement to conduct an annual physical check of the NEP.

In an organization as large as UNHCR, operating in over 180 countries worldwide, carrying out a comprehensive inventory with a single cut-off date represents a huge challenge. The Office will endeavour to confirm the accuracy of field offices' inventories during the fourth quarter and/or update them for use in consolidating the figures provided in the Financial Statements.

III. RECOMMENDATION 13(b)

3. Reconcile the unliquidated obligations reported at year-end by field offices to ensure that there is no overstatement of expenditures in the accounts (para. 24);

Measures Taken by the Administration

UNHCR would like to reassure Executive Committee members and the Board of Auditors that this matter was thoroughly reviewed throughout the year and during the year-end closure exercise. The guidelines for accounts closure for the year 2000 will be made more explicit and clearly define the responsibilities of programme managers both in the field and at Headquarters. During the year, this matter was discussed in the monthly coordination meetings between Financial Resources Service and the Senior Resource Managers within each operation. In an effort to reconcile unliquidated obligations during the year, instructions have been issued linking the requests for increases in obligations with the reconciliation of prior year's unliquidated obligations. During the year-end closure, a project by project review takes place to ensure that the unliquidated obligations reported are justified and properly documented prior to recording in the accounts.

Of the $ 165.3 million referred to by the auditors in paragraph 23 of their Report which remained unliquidated as at year-end, an amount of $ 88 million has been liquidated in the first half of 2000. Additionally, $ 27.5 million, or 16.6 per cent, concern unliquidated obligations under administrative projects for which the normal liquidation period for administrative expenditures is 12 months. The relevant supporting documentation on this issue was made available to the auditors. Lastly there are a number of projects whose duration extends into 2000, therefore it is considered legitimate to retain the unliquidated obligations.

The remaining balance has been systematically reviewed and obligations no longer required have been cancelled. It should be noted that field offices supervise project implementation based upon certain assumptions as to what can be achieved. Constraints to implementation often occur, which preclude offices and their implementing partners from completing activities. In many countries, UNHCR operates under circumstances that can be described as uncertain at best. Field offices budget and establish obligation levels using their best judgement, but can only liquidate their obligations if circumstances so permit. If, for example, financial reports from implementing partners requesting final instalments do not arrive before the end of the year, UNHCR cannot simply cancel the remaining budget balance. If implementation has proceeded according to schedule, late instalments will be required and obligations must be retained.

As explained above, unliquidated obligations that are no longer required are cancelled during the following year and are reported in the financial statements as such. However, the fact that unliquidated obligations may be cancelled should not be interpreted as an "overstatement of expenditures" in the accounts for the previous year.

IV. RECOMMENDATION 13(c)

4. Urge implementing partners with long outstanding advances to submit their final sub-project monitoring reports and facilitate the clearance of projects (para. 32);

Measures Taken by the Administration

In 1999, and continuing in 2000, the Office has made very good progress in its efforts to obtain final sub-project monitoring reports from all of its partners. In the course of 1999, the unreported on balance of instalments to implementing partners for the years 1994 through 1997 was reduced by 49 per cent, from $ 63.4 million to $ 32.2 million. In the first six months of 2000, this figure was reduced by a further $ 10.6 million. The management controls elaborated on in response to Board of Auditors' recommendation 13(g) are proving effective towards controlling the ageing of instalments provided to our partners.

V. RECOMMENDATION 13(d)

5. Continue exerting efforts to encourage implementing partners to submit the required audit certificates (para. 37);

Measures Taken by the Administration

In the follow-up on actions taken to implement the recommendations contained in the Board of Auditors' report for the year 1998 (A/AC.96/933, Annex, paras. 6 and 7). UNHCR indicated that, with the introduction of the new policy and conceptual approach adopted in 2000, the compliance rates for the submission of audit certificates by implementing partners were expected to improve. The essential elements of the new policy and approach are as follows:

(i) Governmental partners

The current deadline of three months after liquidation date has proven to be too short. In many countries, the governments' audited financial statements are not available before the second half of the following year. In some countries, the audit of government accounts is not systematically done on a yearly basis. Indeed, many countries have a policy of auditing their institutions every two years and on a random basis, therefore UNHCR projects may not be included in the sample chosen by the governments' audit institutions. As a first step, our offices in the field will be requested to identify, in the sub-agreement, "the appropriate government audit authority" prior to the implementation of the sub-project. The deadline will also be extended to six months after the final liquidation date and limit the audit certificate requirement to governmental partners with projects of aggregate value of $ 100,000 and above.

(ii) National non-governmental organizations (NGOs)

The audit certificates will be the result of a project audit whose scope is limited to the implementation of the UNHCR sub-project(s). To improve compliance with minimum requirements for the objectives, scope and report structure of such audits, and the basis of the audit opinion, guidelines have

been developed. The guidelines contained in the UNHCR Manual have been revised to include guidance on the engagement of audit firms for the independent audit of UNHCR projects.

(iii) International NGOs

With the introduction of the requirement for international NGOs to submit consolidated audited financial statements for 1998, the compliance rate has increased from 82.6 per cent for 1997 projects as of June 1999 to 88.8 per cent for 1998 projects as of June 2000. In many cases, international NGOs follow different fiscal years than the project year (for instance, April to March, June to July or October to September), while UNHCR projects normally follow the calendar year. Therefore, the timeliness of submissions remains a problem which UNHCR has very little control over.

To further improve the quality of the discousure, UNHCR has introduced the requirement of note or schedule to be attached to the implementing partner's financial statements, detailing by sub-projects, the UNHCR funds received and spent as well as any unspent balances or balances due to/from UNHCR. This note or schedule will have to be certified by the NGO's independent auditor. In line with other categories of implementing partners, UNHCR has decided to limit the audit certificate requirement for international NGOs with sub-projects totalling an aggregate value of $ 100,000 or more in a given year.

UNHCR has also proposed that a different conceptual approach be taken with regard to the role the availability of audit certificates has in the process of auditing UNHCR's financial statements. The Board of Auditors has agreed to de-link these two elements. Audit certificates are seen as an essential component of UNHCR's control systems, reassuring management that implementing partners' financial reports can be relied upon and the Board of Auditors that proper control is in place. If positive assurance is provided, year by year, the final financial Sub-Project Monitoring Reports (SPMRs) from implementing partners should be a sufficient basis for the external audit of UNHCR's financial statements. This means that the team auditing the UNHCR accounts for 2000 would not rely on the audit certificates for 2000 projects, but would review the certificates received for the previous years. A review of compliance and quality of the certificates for the previous years should provide the team with assurances that proper controls are in place in UNHCR.

In addition to increasing the number and percentage of audit certificates submitted and improving their quality, UNHCR is committed to make better use of the information provided. Furthermore, in compliance with the auditors' recommendation, UNHCR undertakes a yearly collection campaign, targeting major international and national NGOs implementing projects with an aggregate value of $ 1 million or more.

UNHCR is of the opinion that this overall policy change, being incorporated in the revised UNHCR Manual, adequately addresses this recommendation.

Management issues

VI. RECOMMENDATION 13(e)

6. Immediately address rolling out of the new asset management system for effective management and control of assets (para. 60);

Measures Taken by the Administration

The roll out of the new asset management system AssetTrak took place on 5 May 2000. To date, out of 120 field offices, 61 responses have been received. A reminder was sent to those offices that had not replied, emphasizing the importance of the submission of the AssetTrak database. All field office managers have also been reminded of their responsibility in this regard.

VII. RECOMMENDATION 13(f)

7. Require all field offices to provide adequate segregation of incompatible functions such as accounting, procurement and cashiering to ensure strong check and balance of responsibility and to strictly adhere to the United Nations Financial Regulations and Rules (para. 66);

Measures Taken by the Administration

UNHCR agrees with the auditors that this is one of the most important internal control mechanisms and, whenever possible, this principle is enforced. However, in many UNHCR offices segregation of functions cannot be fully implemented due to the size of these offices. Complete implementation would result in the need to increase staffing and therefore costs. This would then be incompatible with the recommendation made under paragraph 44 of the Report. Furthermore, segregation should be judged against materiality and UNHCR's financial risk exposure.

UNHCR is currently introducing new policy guidelines dealing with the delegation of authority, in them UNHCR emphasizes the importance of segregation of duties. A number of compensating control measures are being suggested for implementation in field offices where staffing levels are low.

Potential risks are being minimized by implementing stricter monitoring and control of field offices, both through Headquarters inspection and evaluation missions and the UNHCR Internal Audit Section.

VIII. RECOMMENDATION 13(g)

8. Streamline project implementation by ensuring that release of instalments to implementing partners are on time (not delayed nor in advance), that sub-project monitoring report are regularly submitted by the field offices to allow headquarters to assess the progress of the ongoing projects. The Board also suggests that field offices closely monitor the performance of implementing partners to provide them with adequate information to determine whether these implementing partners should be considered in future UNHCR projects (para. 77);

Measures Taken by the Administration

UNHCR would like to reassure the Board that systems are in place to control the timely release of instalments to implementing partners. The procedures for release of instalment payments under operational projects to UNHCR's implementing partners are contained in IOM/FOM/13/99 of 21 January 1999. This instruction replaces the old section 6.5 of Chapter 4 of the UNHCR Manual dated December 1995 concerning Implementing Partner Recording (IPR).

The UNHCR functional entities involved in the processing of payments to Implementing Partners are: (i) UNHCR Representative or Head of Country Office (ii) Programme Unit (iii) Finance Unit Field and or Headquarters.

After the first instalment is made, payment of a further instalment in advance should normally not take place. An instalment payment may be made only when requested by the implementing partner and where the cash balance on hand from previous instalments is reduced to 30 per cent or less of the latest instalment paid. This margin is essentially to allow UNHCR to process the next instalment payment in a timely manner. Delays in payment of instalments to an implementing partner normally do not occur, unless the partner was delayed in requesting the instalment payment. If an instalment payment is requested when the level of cash on hand is well below 30 per cent, the time for processing the next instalment payment may be inadequate, thus resulting in a delay. Notwithstanding the fact that the cases witnessed by the auditors are exceptional, field offices will once again be advised to make payments to implementing partners only when due.

Monitoring the performance of implementing partners is an integral part of UNHCR's Programme Management System. It is the responsibility of the UNHCR Representative or Head of Country Office to monitor implementation of projects entrusted to implementing partners and ensure that their performance is in accordance with the sub-agreements signed with them. In addition, the Regional Bureaux at Headquarters monitor the performance of implementing partners based on the financial and narrative reports received from field offices, as well as by undertaking monitoring missions to the field. Feedback on the performance of implementing partners is provided to field offices, mainly by the Regional Bureaux. Financial Resources Service at Headquarters in cooperation with the NGO Coordination Unit, provides technical support. Collaboration with an NGO is reviewed when it is determined that its performance is not satisfactory following a recommendation from the Representative, an assessment made at Headquarters level or as result of an Internal Audit mission. Failing corrective action by the implementing partner, the NGO Coordination Unit will, based on request from Financial Resources Service and the Regional Bureau, advise the field office not to engage the concerned NGO as an implementing partner. It should, however, be noted that in many instances UNHCR does not have a choice as the number of NGOs operating in certain areas is very limited.

UNHCR has conducted a series of training workshops, for field staff, on the preparation of Project Descriptions, Sub-Project Descriptions and Strategic Planning, leading to the preparation of the Country Operations Plan. To further complement this, UNHCR has over a period of two years carried out 57 Financial Management workshops, covering 1,172 staff members, where the importance of implementing partner financial monitoring was emphasized. UNHCR shall shortly be issuing a comprehensive chart describing delegation of financial signing authority that will reinforce the role of authorizing officers in the monitoring of the performance of implementing partners.

Previous recommendations not fully implemented

IX. RECOMMENDATION 8(a)

9. Ensure timely signing of sub-agreements with implementing partners (1995, 1996 and 1998);

Measures Taken by the Administration

UNHCR has previously informed the Board of the intensified efforts undertaken to ensure that field offices receive the required authorizations with sufficient advance notice to enable them to sign sub-agreements in a timely manner. There are, nevertheless, some instances when the sub-agreements must undergo lengthy negotiations and clearances, in particular when dealing with government partners. In these cases, some delays may occur, but cannot be curtailed, since this will adversely affect the population being assisted. The situation witnessed by the auditors during 1995, 1996 and 1998 was exceptional and has since greatly improved. UNHCR is of the opinion that all measures to address this recommendation have been taken and that it has been implemented.

X. RECOMMENDATION 8(b)

10. Make the preparation of work plans an integral part of the project-planning and monitoring process (1995, 1996 and 1998);

Measures Taken by the Administration

UNHCR agrees that workplans are an important element of project planning and monitoring. The level of detail of a plan will depend on the volume and complexity of the project. In some instances, a formal workplan may not be necessary. UNHCR is introducing new software that will allow the automated production of workplans. UNHCR is currently analysing different products. It is planned to procure the software in 2000, prototype and test its functionality, with a view to incorporating the results into the Integrated Systems Project. In the meantime, field offices will continue to use existing software tools (for instance, Microsoft Project and Excel) to prepare workplans where required.

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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Fifty-first session

REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FOR THE YEAR ENDED 31 DECEMBER 1999

Addendum 2- Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) to the General Assembly at its Fifty-fifth session (extract)*

*/ This document is an extract from the General Assembly Document A/55/487: Financial Reports and Audited Financial Statements and Report of the Board of Auditors - Report of the Advisory Committee on Administrative and Budgetary Questions.

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1. In accordance with financial regulation 12.11, the Advisory Committee on Administrative and Budgetary Questions received the reports of the Board of Auditors on the financial statements of the following entities to the General Assembly for the period ended 31 December 1999: the United Nations,[1] the International Trade Centre UNCTAD/WTO (ITC),[2] the United Nations University (UNU),[3] the United Nations Development Programme (UNDP),[4] the United Nations Children's Fund (UNICEF),[5] the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA),[6] the Fund of the United Nations Environment Programme (UNEP),[7] the United Nations Population Fund (UNFPA),[8] the United Nations Habitat and Human Settlements Foundation,[9] the Fund of the United Nations International Drug Control Programme (UNDCP),[10] the United Nations Office for Project Services (UNOPS),[11] the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[12] and the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991.[13] In addition, the Advisory Committee had before it the Board's reports on the accounts for the year ended 1999 on the voluntary funds administered by the United Nations High Commissioner for Refugees (UNHCR),[14] and on the United Nations Institute for Training and Research (UNITAR).[15] The Committee's comments and observations on the "Audited biennial accounts (1998-1999)" of the World Food Programme (WFP) were communicated to the Executive Board of the Programme through its Executive Director on 6 October 2000. The report of the Board of Auditors on financial statements and accounts of the United Nations peacekeeping operations[16] will be considered by the Advisory Committee at its session in February and March 2001.

VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

2. The Advisory Committee shares the concern of the Board of Auditors about the financial situation of UNHCR. In this connection, the Committee observed in its report on the UNHCR annual programme budget 2001 "that in recent years there has been a declining trend in contributions from a multilateral source to the UNHCR programme" (A/AC.96/932/Add.1, para. 9).

3. The Committee commends the administration of UNHCR for measures taken so far to promote accountability of implementing partners and trusts that further measures will be taken to address the findings of the Board on this issue. Furthermore, in view of the resource constraint being experienced by UNHCR, the Committee trusts that greater efforts will also be made to plan and implement UNHCR activities more efficiently and exercise greater financial control over agency funds and operations. In this connection, the Committee urges UNHCR to take urgent steps to address the weaknesses and shortcomings identified by the Board in paragraphs 63 to 78 of its report[14] regarding budgetary control, human resources management, programme management and project implementation.

4. The Committee notes with concern the findings of the Board on the implementation and ultimate abandonment of the MINDER system (see details in paras. 45 to 59 of the Board's report). The Committee has already commented, in the context of its report on the annual budgets of UNHCR, on what appears to be a lack of full transparency in the reporting on the implementation, cost, performance and delivery of projects on information technology. Most recently, the Committee, in its report on the UNHCR annual programme budget 2001, reiterated its request that UNHCR should present to the Committee, as additional information, comprehensive data on implementation of all information technology projects, including relevant costs (A/AC.96/932/Add.1, para. 18).

Notes

[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5* (A/55/5), vol. I, chap. II.

[2] Ibid., A/55/5, vol. III, chap. II.

[3] Ibid., A/55/5, vol. IV, chap. II.

[4] Ibid., *Supplement No. 5A* (A/55/5/Add.1), chap. II

[5] Ibid., *Supplement No. 5B* (A/55/5/Add.2), chap. II.

[6] Ibid., *Supplement No. 5C* (A/55/5/Add.3), chap. II.

[7] Ibid., *Supplement No. 5F* (A/55/5/Add.6), chap. II

[8] Ibid., *Supplement No. 5G* (A/55/5/Add.7), chap. II.

[9] Ibid., *Supplement No. 5H* (A/55/5/Add.8), chap. II.

[10] Ibid., *Supplement No. 5I* (A/55/5/Add.9), chap. II.

[11] Ibid., *Supplement No. 5J* (A/55/5/Add.10), chap. II.

[12] Ibid., *Supplement No. 5K* (A/55/5/Add.11), chap. II

[13] Ibid., *Supplement No. 5L* (A/55/5/Add.12), chap. II.

[14] Ibid., *Supplement No. 5E* (A/55/5/Add.5), chap. II.

[15] Ibid., *Supplement No. 5D* (A/55/5/Add.4), chap. II

[16] Ibid., *Supplement No. 5* (A/55/5), vol. II, chap. II.

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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Fifty-first session

UNHCR'S INSPECTION ACTIVITIES

I. INTRODUCTION

1. At its forty-fifth session the Executive Committee of the High Commissioner's Programme endorsed the High Commissioner's proposal (EC/SC.2/70 of 16 September 1994) to establish an Inspection and Evaluation Service (IES). Responsibility for evaluation was subsequently transferred to a new Evaluation and Policy Analysis Unit in the Department of Operations in February 1999 following an internal review. At that time, IES was renamed the Inspector General's Office (IGO). This report covers developments in inspection and investigation over the 12 months ending 31 July 2000. A separate report (A/AC.96/935) covers evaluation, including the functions of the newly-established Evaluation Committee (which the Inspector General chairs). In addition, an information note (EC/50/SC/INF/6) describes the relationship between inspection, evaluation and related activities as part of UNHCR's performance review framework.

2. The IGO is located within the Executive Office and the Inspector General reports directly to the High Commissioner. The Inspector General is also the central focal point for investigation in UNHCR. The IGO comprises seven staff: the Inspector General, four inspection officers, an investigations coordinator and two support staff. The IGO acts as Secretariat for the Oversight Committee, which is chaired by the Deputy High Commissioner, and reviews oversight plans and audit reports. The Oversight Committee has met four times during the reporting period.

3. A short leaflet describing the work of the IGO was produced in early 2000 and distributed to all staff and to members of the Executive Committee.

II. INSPECTION

4. Inspections are an internal oversight and management tool that provide the High Commissioner and her senior managers with a broad review of the functioning of her field representation at all levels. At the same time, an inspection provides field representatives and their staff with an independent

and objective review of their performance and, where necessary, with a second opinion on difficult issues. Inspection reports are confidential, internal documents addressed to the High Commissioner. Reports include recommendations for improvements and action to overcome constraints. They often draw on the best practices or solutions observed in other inspections. Reports are finalized after taking into account the views of those directly concerned, with whom the report is shared in draft for comments and who are required to report on action taken in response to the final report. The inspection function in UNHCR is thus broadly analogous to that of the inspectorates of some diplomatic services.

5. Inspections during this reporting period covered a further 15 countries, bringing to 89 the total inspected since 1995. UNHCR's operations in the Islamic Republic of Iran, Canada and the United States were inspected in the last quarter of 1999. Those in Senegal, Gambia, Guinea Bissau and Germany were inspected in early 2000, followed by Afghanistan and Pakistan. Thereafter, inspections covered Belgium and Luxembourg, East Timor, Indonesia, Malaysia, the Philippines and Singapore. Operations in Georgia were inspected in July 2000. The Standing Committee of the Executive Committee is kept informed of inspection activities through the updates on regional developments. The inspections were conducted by the Inspector General with one or more other staff of the IGO. A colleague from the Department of International Protection with experience of the region has also been an integral member of the inspection teams.

6. The methodology used in inspections has been further adjusted and improved during the reporting period. Questionnaires are used in preparation for an inspection and these have been revised and streamlined. They include the individual confidential questionnaire that is the basis for the interview conducted with each staff member; questionnaires for the heads of field offices and the direct counterpart at Headquarters; for the country office as a whole; and for the key government and other external interlocutors met by the Inspector General and other members of the team. The *Inspection Handbook*, which sets out the methodology, is under revision to reflect these changes. A fourth edition is due to be produced by the end of 2000, as will a further report disseminating lessons learnt from inspections that have a wider relevance.

III. INVESTIGATION

7. As the focal point for investigation, the Inspector General is responsible for the overall coordination of investigations. The new post of Investigations Coordinator in the IGO was filled in late 1999. Areas of concern include, but are not limited to, allegations of fraud; misuse of UNHCR funds or resources; waste or abuse of UNHCR facilities; abuse of authority or United Nations privileges; sexual harassment and other improper conduct including violations of United Nations and UNHCR regulations, rules or relevant administrative instructions, which, if proven, would constitute misconduct under the Staff Rules.

8. In accordance with the Administrative Instruction on Revised Disciplinary Measures and Procedures (ST/AI/371 of 2 August 1991), the head of office or responsible officer concerned should undertake a preliminary investigation of such allegations. Where this may not be appropriate, because of the complexity of the case or for other reasons, reports of allegations that may warrant an investigation are made directly to, or are referred to the Inspector General. Procedures are in place to ensure confidentiality and are described in the leaflet cited above. On receipt of such reports, the Inspector General consults as necessary in order to determine whether an investigation is warranted and, if so, ensures that it

is undertaken in an appropriate manner and monitors progress. Depending on their nature, investigations are conducted by UNHCR staff (normally the Investigations Coordinator and one other UNHCR official with relevant experience), by the UNHCR Audit Section of the Office of Internal Oversight Services (OIOS), by the Investigations Section of OIOS, or using other resources. The outcome is either referral of the case to the Head of the Human Resources Service(HRS) for action in accordance with the Administrative Instruction (ST/AI/371) or a determination that the case should be closed.

9. Within UNHCR, the key counterpart of the IGO is the Legal Affairs Section of the HRS. The Investigations Coordinator also liaises closely with the Investigations Section, OIOS, and with investigation counterparts in other United Nations organizations. He attended the first United Nations Investigators' Conference hosted by OIOS in New York in September 1999 and the second hosted by the World Food Programme(WFP) in Rome in June 2000.

10. A handbook setting out the methodology for investigations is under preparation. In addition, the Joint Inspection Unit is currently preparing a report on investigation capabilities in the United Nations system.

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EXECUTIVE COMMITTEE OF THE
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UNHCR'S EVALUATION ACTIVITIES

I. PURPOSE AND LOCATION OF THE EVALUATION FUNCTION

1. Evaluation in UNHCR is an instrument of organizational learning, accountability and change. It forms part of a broader framework of activities, including inspection, monitoring and audit, that are intended to enhance the organization's effectiveness, efficiency and impact. These activities, and their relationship to each other, are described in a separate information paper (EC/50/SC/INF.6).

2. The evaluation function is located in the Evaluation and Policy Analysis Unit (EPAU), which was established in September 1999. EPAU has been placed within the Department of Operations, where it reports directly to the Assistant High Commissioner for Refugees.

3. The establishment and location of the new unit represented a response to a growing perception by UNHCR and its key partners of the need to strengthen the capacity and impact of the evaluation function. It also represented a recognition of the need for the process of policy analysis and formulation in UNHCR to be more directly informed by systematic reviews of programmes, projects and practices in the field.

4. With the establishment of EPAU, the staffing of the evaluation function has been strengthened, while substantially increased funding has been made available for independent consultancies. UNHCR also hopes to reinforce the capacity of the unit by means of joint evaluations involving personnel from governments, other international organizations and non-governmental organizations (NGOs).

II. EVALUATION POLICY AND PROCEDURE

5. With the establishment of EPAU in 1999, UNHCR introduced a new evaluation policy, based on the principles of transparency, independence, consultation and relevance. As one of the first steps in application of this

policy, UNHCR declassified all of its previous evaluation reports and posted those issued during the past four years on a new "Evaluation and Policy Analysis" page of the UNHCR website, http:///www.unhcr.ch/evaluate/main.htm. The page also contains the EPAU mission statement, details of UNHCR's evaluation work programme, regular updates on evaluation projects and direct links to a number of other websites concerned with the evaluation of humanitarian activities. EPAU also provides interested parties with updates on evaluation activities, including information on consultancy opportunities, by means of its e-mail list.

6. An Evaluation Committee has been established to support and guide UNHCR's evaluation function. Chaired by the Inspector General, it comprises senior staff of other headquarters sections involved in organizational learning, oversight, and management systems activities. A principal function of the Committee is to ensure that evaluation findings are effectively followed up and incorporated into UNHCR's policymaking, planning and training procedures. The Evaluation Committee also provides a means of ensuring that coordinated follow-up action is taken with respect to external evaluations of UNHCR's programmes.

7. In addition to the Evaluation Committee, individual Steering Committees are established for each evaluation project, on which key stakeholders within UNHCR are represented. These Steering Committees act as panels for the selection of independent consultants and consultancy companies, and also provide a structure for follow-up to evaluation projects, once completed.

8. A number of initiatives are being taken to further enhance the evaluation function in UNHCR. An additional post will be established in EPAU. Evaluation training will be provided for EPAU staff and other UNHCR personnel with a professional interest in the evaluation function. The newly-established evaluation consultancy roster will be expanded, and additional steps will be taken to ensure the effective dissemination of evaluation findings. With funding provided by a donor government, an expert has been engaged to recommend ways of planning the evaluation work programme more systematically and integrating evaluation findings more effectively into UNHCR's planning, programming and policy-making procedures.

9. UNHCR will continue to consult closely with its governmental and non-governmental partners on its evaluation activities, involving them directly in the evaluation process where possible. Drawing upon consultations with these partners, some of which will take place in the context of the Executive Committee of the High Commissioner's Programme meeting, EPAU will establish a flexible, medium-term evaluation work programme.

10. The evaluation work programme will include evaluations of several major UNHCR programmes and functions, while leaving EPAU with sufficient capacity to respond to changing events and short-term demands. UNHCR's evaluation and policy analysis activities will be coordinated so as to maximize the synergy between the two. A summary of recent, current and planned evaluation projects is provided below. A provisional evaluation plan is also provided in abbreviated form as an annex to this paper.

III. EVALUATION PROJECTS

11. The major evaluation undertaken last year was a review of UNHCR's emergency preparedness and response in the Kosovo refugee crisis. Commissioned by UNHCR in mid-1999, at a time when that crisis was still in full progress, the evaluation was undertaken by an independent team of experts, who presented their preliminary findings at a two-day meeting of stakeholders in November 1999.

12. The Kosovo evaluation report was published in February 2000 and discussed at the seventeenth meeting of the Standing Committee of the Executive Committee. A separate paper is being made available to the Executive Committee, and will be posted on the "Evaluation and Policy Analysis" page of the UNHCR website, providing details of follow-up to the recommendations of the Kosovo report (EC/50/SC/INF.5).

13. As that paper explains, the findings of the Kosovo evaluation played a major part in the formulation of UNHCR's plan of action to strengthen its emergency preparedness and response capacity, as well as its efforts to enhance the security of refugee-populated areas. By undertaking "real-time" evaluations of future emergency operations, UNHCR hopes to provide speedy feedback to senior management and thereby further strengthen the organization's performance in this area.

14. UNHCR's recent, current and planned evaluation activities are clustered around a number of the organization's key policy and programme concerns. The issue of *refugee security and protection* is a top priority, and in that respect UNHCR has undertaken a study of violence in the refugee camps of Kenya and is undertaking an evaluation of its "security package" in the United Republic of Tanzania. On the basis of these and other reviews, EPAU assisted with the formulation of a paper on measures to operationalize the "ladder of options", discussed by the Standing Committee at its eighteenth meeting (EC/50/SC/INF.4).

15. In the next 18 months, UNHCR intends to commission three independent evaluations in the area of refugee security and protection: an evaluation of UNHCR's firewood distribution project in Dadaab, Kenya, which is intended to reduce the incidence of sexual violence experienced by refugee women; a global review of the impact of UNHCR's activities in relation to the protection needs and rights of refugee children; and an evaluation of the implementation of UNHCR's guidelines on the protection of refugee women.

16. UNHCR's policy for refugees in urban areas constitutes another central theme of the evaluation work programme. At the beginning of 2000, a preliminary, desk-based evaluation of the policy and its implementation was undertaken, followed by a field-based review of UNHCR's programme in New Delhi. The unit also intends to undertake or commission reviews of UNHCR's programmes in Cairo and Nairobi. On the basis of such reviews, UNHCR's 1997 policy document on refugees in urban areas will be reconsidered and, if necessary, reformulated.

17. Three projects have been initiated in relation to the reintegration of returning refugees: a global review of Quick Impact Projects, focussing on the identification of best practices; a lessons-learned workshop on reintegration in Guatemala, undertaken in association with the Regional Bureau for the Americas; and a lessons-learned workshop on reintegration in

South-East Asia, organized by the Regional Bureau for Asia and the Pacific. A historical review of efforts to link short-term relief with longer-term development both in countries of asylum and in countries of origin was prepared by EPAU, which is also contributing to the work of UNHCR's Reintegration and Local Settlement Service in relation to the Brookings Process.

18. Working closely with UNHCR's Health and Community Development Service, EPAU has established a programme of operationally relevant research in the area of refugee education. Studies to be produced by early 2001 include analyses of "peace education" programmes in East African refugee camps; education and refugee repatriation in former Yugoslavia; the quality of education in refugee contexts; and education in emergency situations.

19. UNHCR has in recent months devoted a considerable amount of attention to its policy in relation to internally displaced persons. As well as acting as secretariat to the organization's IDP Task Force on this issue, EPAU produced an inventory of UNHCR's operational involvement with internally displaced persons and a policy options paper for the High Commissioner. The unit plans to undertake a joint evaluation of the UNHCR programme for internally displaced persons in Sri Lanka, with a three-person team comprising a UNHCR staff member, an NGO, and a government representative.

20. An evaluation has recently been completed on the issue of minimum standards and essential needs in the Kakuma refugee camp in Kenya. Building on this review, EPAU hopes to undertake or commission evaluations of other UNHCR programmes in protracted situations of displacement.

21. Other evaluation projects in progress or recently completed, include:

- An independent evaluation of UNHCR's role in strengthening national NGOs;
- A joint evaluation of UNHCR's role in relation to nationality and statelessness issues;
- An evaluation of UNHCR's training activities with implementing partners and government counterparts;
- An assessment of the implementation of the programme of action of the CIS conference process; and,
- An assessment of the implementation of the Memorandum of Understanding between UNHCR and International Organization for Migration.

IV. EVALUATION METHODOLOGY

22. UNHCR places particular importance on the development of new evaluation methodologies. This emphasis has two main aims: to reinforce the impact of the evaluation function within the organization, and to contribute more broadly to the enhancement of evaluation standards in the United Nations system and the humanitarian sector. In pursuit of the latter objective, UNHCR plays an active role in the Inter-Agency Working Group on Evaluation, as well as the Active Learning Network for Accountability and Performance in Humanitarian Assistance (ALNAP), which brings together the evaluation

specialists of many international, governmental and non-governmental organizations.

23. In developing new evaluation methodologies, UNHCR undertook a "real-time" evaluation of the organization's response to the Eritrea/Sudan crisis in July 2000, which entailed sending an EPAU staff member to the field at a time when UNHCR's emergency operation was still being launched. UNHCR also commissioned a review of participatory and beneficiary-based evaluation techniques, and has established a pilot project to evaluate UNHCR's programme in Guinea using such techniques. The value of these new approaches will be assessed upon completion of these projects.

24. UNHCR is strongly committed to joint and inter-agency evaluations, and has reached an agreement with OCHA, UNICEF and WFP which should allow the four agencies to undertake at least one major joint evaluation each year. The first of these evaluations, planned for late 2000 and early 2001, is likely to focus on the United Nations system's humanitarian programmes in Afghanistan.

UNHCR'S PROVISIONAL EVALUATION PLAN
(September 2000 - September 2001)

The following plan provides an indication of the evaluation projects and papers that UNHCR expects to complete in the coming months. Estimated completion dates are also provided. The plan does not purport to be exhaustive, and may be revised on the basis of changing events and priorities, consultations with key partners and the availability of resources.

Emergency preparedness and response

"Real-time" evaluation of the Eritrea/Sudan emergency, (September 2000)

UNHCR's follow-up to the independent evaluation of the Kosovo crisis, (September 2000)

Refugee security and protection

Independent evaluation of UNHCR's firewood distribution project in Dadaab, Kenya, and its impact on the problem of sexual violence, (February 2001)

Independent evaluation of the impact of UNHCR's activities in relation to the protection needs and rights of refugee children, (May 2001)

Independent evaluation of the implementation of UNHCR's guidelines on the protection of refugee women, (September 2001)

Refugees in urban areas

Evaluation of UNHCR's policy on refugees in urban areas: a case study review of New Delhi, India, (October 2000)

Evaluation of UNHCR's policy on refugees in urban areas: a case study review of Cairo, Egypt, (March 2001)

Evaluation of UNHCR's policy on refugees in urban areas: a case study review of Nairobi, Kenya, (March 2001)

The reintegration of returning refugees

Evaluation of Quick Impact Projects: lessons-learned and best practice, (October 2000)

Report of a lessons-learned workshop on Guatemala, (October 2000)

Report of a lessons-learned workshop on South-East Asia, (January 2001)

Refugee education

Independent study of education initiatives in emergency situations, (February 2001)

Independent study on quality issues in refugee education, (February 2001)

Independent study of "peace education" programmes in East Africa, (February 2001)

Independent study of education and repatriation in former Yugoslavia, (February 2001)

Other projects

Evaluation of UNHCR's training activities with implementing partners and government counterparts, (September 2000)

Evaluation of minimum standards and essential needs in Kakuma, Kenya, (September 2000)

Independent evaluation of UNHCR's role in strengthening national NGOs, (November 2000)

Joint evaluation of UNHCR's role in relation to statelessness and nationality issues, (February 2001)

Joint evaluation of the UNHCR programme for IDPs in Sri Lanka, (March 2001)

Joint assessment of the implementation of the Memorandum of Understanding between UNHCR and IOM, (March 2001)

Participatory evaluation of the UNHCR programme in Guinea, (December 2000)

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ACTION TAKEN ON DECISIONS AND CONCLUSIONS OF THE FIFTIETH SESSION OF THE EXECUTIVE COMMITTEE

I. INTRODUCTION

1. This reference document provides, in summary form, information on the follow-up by UNHCR on decisions/conclusions of the fiftieth session of the Executive Committee calling for follow-up by the High Commissioner. The paragraphs quoted below correspond to those contained in the report of the fiftieth session of the Executive Committee (A/AC.96/928). Decisions or conclusions requiring action by Governments or entities, other than the High Commissioner, are not reported on. Documents containing relevant information have been cross-referenced, in order to limit the length of the report.

II. INFORMATION ON FOLLOW-UP

para. 20 General Conclusion on International Protection

(c) *Reaffirms* its Conclusion No. 85 (XLIX), para (o), committing itself to uphold the principle of international solidarity and burden-sharing; *expresses* strong appreciation for instances where those principles were put into concrete action during the past year; and further *encourages* States and UNHCR to continue their efforts to give wider effect to these important principles;

UNHCR action. See: *Note on International Protection* (A/AC.96/930, Section III-E), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(d) *Recognizes* that the presence of massive refugee populations in urban and rural areas in developing countries puts considerable strain on the economy and environment of these countries, and that increased attention should be paid to alleviate this negative impact; and *calls* on UNHCR to play

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its catalytic role to mobilize assistance from the international community to address environmental degradation in refugee-hosting areas as well as the economic and social impact of large-scale refugee populations;

UNHCR action. See: *Mainstreaming Environmental Concerns in Refugee Operations* (EC/50/SC/CRP.9), presented to the seventeenth meeting of the Standing Committee (February/March 2000); *Social and Economic Impact of Massive Refugee Populations on Host Developing Countries, as well as other Countries* (EC/50/SC/CRP.21); presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(e) *Welcomes* the accession of Georgia and Kazakhstan to the 1951 Convention relating to the Status of Refugees and its 1967 Protocol, bringing to 138 the number of States parties to one or both of these instruments; and *encourages* UNHCR and States to strengthen their efforts to promote broader accession to these instruments and full implementation of them;

UNHCR action. See: *Note on International Protection* (A/AC.96/930, Section III-B), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(f) *Reaffirms* that the 1951 Convention relating to the Status of Refugees and the 1967 Protocol remain the foundation of the international refugee regime; *recognizes*, however, that there may be a need to develop complementary forms of protection, and in this context, *encourages* UNHCR to engage in consultations with States and relevant actors to examine all aspects of this issue;

UNHCR action. See: *Note on International Protection* (A/AC.96/930) and *Complementary Forms of Protection: their Nature and Relationship to the International Refugee Protection Regime* (EC/50/SC/CRP.18), presented to the eighteenth meeting of the Standing Committee (July 2000).

(h) *Notes* that the 50th anniversary of the Geneva Conventions on the law of armed conflict is being commemorated this year; *calls on* States and other parties to armed conflicts scrupulously to observe international humanitarian law; and also *calls on* UNHCR to strengthen further its collaboration with the International Committee of the Red Cross, the International Federation of the Red Cross and Red Crescent Societies, and national Red Cross and Red Crescent societies;

(i) *Notes* that the 30th anniversary of the OAU Convention governing the specific aspects of refugee problems in Africa is also being commemorated this year; *acknowledges* the contribution made by this Convention to the development of regional standards for the protection of refugees; and *encourages* UNHCR to continue its close collaboration with the Organization of African Unity with a view to enhancing the protection of refugees in Africa;

UNHCR action. See: *Note on International Protection* (A/AC.96/930), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(l) *Reaffirms* Conclusion No. 58 (XL) on irregular movements; *notes* with concern that refugees who have already found and continue to enjoy protection in a first country of asylum continue to move in an irregular manner to other countries on a significant scale; and *encourages* UNHCR, States and other relevant actors to enhance cooperation to address the causes of such movements, in particular with a view to ensuring treatment of asylum-seekers and refugees in accordance with the highest possible standards of protection in first countries of asylum, and to creating awareness as to the risks and dangers linked to irregular movements, notably exploitation by traffickers; and further *encourages* UNHCR to work with transit and destination countries to ensure that the protection and assistance needs of such asylum-seekers and refugees are met;

UNHCR action. See: *Note on International Protection* (A/AC.96/930) and *Interception of Asylum-Seekers and Refugees: the International Framework and Recommendations for a Comprehensive Approach* (EC/50/SC/CRP.17), presented to the eighteenth meeting of the Standing Committee (July 2000).

(m) *Recalls* Conclusion No. 15 (XXX) relating to refugees without an asylum country, Conclusion No. 30 (XXXIV) on the problem of manifestly unfounded or abusive applications for refugee status or asylum, and Conclusion No. 58 (XL) on the problem of refugees and asylum-seekers who move in an irregular manner from a country in which they had already found protection; and *invites* UNHCR to continue to study the issues arising from the concept of manifestly unfounded claims and to report to this Committee in due course;

(n) *Notes* with appreciation special efforts by States to incorporate gender perspectives into asylum policies, regulations and practices; *encourages* States, UNHCR and other concerned actors to promote wider acceptance, and inclusion in their protection criteria of the notion that persecution may be gender-related or effected through sexual violence; further *encourages* UNHCR and other concerned actors to develop, promote and implement guidelines, codes of conduct and training programmes on gender-related refugee issues, in order to support the mainstreaming of a gender perspective and enhance accountability for the implementation of gender policies;

UNHCR action. See: *Note on International Protection* (A/AC.96/930), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(p) Taking into account that elderly refugees are particularly affected by social disintegration, chronic dependency and other adverse aspects of the refugee condition, *calls* on States, UNHCR and other concerned actors to make renewed efforts to ensure that the rights, needs and dignity of elderly refugee are fully respected and addressed through appropriate programme activities;

UNHCR action. See: *Older Refugees: Looking Beyond the International Year of Older Persons* (EC/50/SC/CRP.8), presented to the seventeenth meeting of the Standing Committee (February/March 2000); *Note on International Protection* (A/AC.96/930), presented to the eighteenth meeting of the Standing Committee (July 2000); *Report of the Seventeenth Meeting of the Standing Committee*

(A/AC.96/929, Annex I), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(q) *Recalls* United Nations Security Council resolution S/RES/1208 (1998); *remains* gravely preoccupied with the continuing occurrence of military or armed attacks and other threats to the security of refugees, including the infiltration of armed elements in refugee camps and settlements; *re-emphasizes* the responsibility of States, working, where appropriate, with UNHCR in collaboration with each other and with other parts of the UN system, to uphold the civilian and humanitarian character and to ensure the security of refugee camps and settlements, *inter-alia*, by identifying and separating armed elements from refugee populations and settling refugees in secure locations; and *encourages* States and UNHCR, in collaboration with each other and with other parts of the United Nations system, to continue their efforts to enhance the security and civilian nature of refugee camps and settlements;

UNHCR action. See: *The Security, Civilian and Humanitarian Character of Refugee Camps and Settlements: Operationalizing the "Ladder of Options"* (EC/50/SC/INF.4) and *Note on International Protection* (A/AC.96/930), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

(s) *Notes* with concern the persistence of statelessness problems; *welcomes* the accession of Chad to the 1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness, as well as the accession of St Vincent and the Grenadines and Zimbabwe to the 1954 Convention relating to the Status of Stateless Persons; and *encourages* UNHCR to continue to promote further accessions to and full implementation of both instruments by the States concerned;

UNHCR action. See: *Note on International Protection* (A/AC.96/930), presented to the eighteenth meeting of the Standing Committee (July 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC.

para. 21 Conclusion on the Protection of the Refugee's Family

(c) *Calls* upon States, UNHCR and other relevant actors to give particular attention to the needs of unaccompanied refugee children pending their reunification with their families; and *affirms*, in this regard, that adoption of refugee children should only be considered when all feasible steps for family tracing and reunification have been exhausted, and then only in the best interests of the child and in conformity with international standards.

UNHCR action. See: *Refugee Children and Adolescents: a Progress Report* (EC/50/SC/CRP.7), presented to the seventeenth meeting of the Standing Committee (February/March 2000); *Note on International Protection* (A/AC.96/930), presented to the eighteenth meeting of the Standing Committee (July 2000); *Mid-Year Progress Report*, presented to the nineteenth meeting of

the Standing Committee (September 2000); and *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC;

para. 22 Conclusion on the CIS Conference Follow-up

(k) *Urges* the High Commissioner to continue to inform the public and further to enhance relationships with other key international actors, such as the Council of Europe, the European Commission and other human rights, development and financial institutions;

(n) *Requests* the High Commissioner to keep the Executive Committee informed of measures taken in the implementation of the Programme of Action and of progress achieved on the issue of follow-up to the CIS Conference.

UNHCR action. See: *Mid-Year Progress Report*, presented to the nineteenth meeting of the Standing Committee (September 2000); *Report of the United Nations High Commissioner for Refugees* (E/2000/18), presented to the 2000 Substantive Session of ECOSOC; and *Report and Recommendations for Follow-up to the Regional Conference to Address the Problems of Refugees, Displaced Persons, Other Forms of Involuntary Displacement and Returnees in the Countries of the Commonwealth of Independent States and Relevant Neighbouring States* (CISCONF/2000/SG5/3), presented to the fifth meeting of the Steering Group (July 2000).

para. 23 General Decision on Administrative, Financial and Programme Matters

(d) *Notes* the *Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1998* (A/AC.96/917), and the *Measures taken or proposed in response to the recommendations of the Report of the Board of Auditors by the High Commissioner* (A/AC.96/917/Add.1); as well as the *Report of the ACABQ on UNHCR's Annual Programme Budget for the year 2000* (A/AC.96/916/Add.2), the *Report of UNHCR's Inspection Activities* (A/AC.96/918) *and the Report on UNHCR's Evaluation Activities* (A/AC.96/919), and *requests* to be kept regularly informed on the measures taken to address the recommendations and the observations raised in these various oversight documents;

UNHCR action. See: *Follow-up on the Actions Taken to Implement the Recommendations of the Board of Auditors on its Report for the Year Ended 31 December 1998* (EC/50/SC/CRP.20), presented to the nineteenth meeting of the Standing Committee (September 2000).

(e) *Requests* the High Commissioner, within the resources available, to respond flexibly and efficiently to the needs currently indicated under the Annual Programme Budget for the year 2000 and as set out in the Global Appeal, and *authorizes* her, in the case of additional new emergency needs that cannot be met fully from the Operational Reserve, to issue Special Appeals and create Supplementary Programmes;

UNHCR action. See: *Overall Programme and Funding in 1999 and Projections for 2000* (EC/50/SC/CRP.3), presented to the seventeenth meeting of the Standing Committee (February/March 2000); *Overall Programme and Funding Projections*

for 2000 (EC/50/SC/CRP.19) and *Global Report 1999*, presented to the eighteenth meeting of the Standing Committee (July 2000); and *UNHCR Annual Programme Budget* (A/AC.96/932) and *Mid-Year Progress Report*, presented to the nineteenth meeting of the Standing Committee (September 2000). See also related documentation: *Report of the Seventeenth Meeting of the Standing Committee* (A/AC.96/929); *Report of the Eighteenth Meeting of the Standing Committee* (A/AC.96/939); and *Report of the Nineteenth Meeting of the Standing Committee* (A/AC.96/943).

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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Fifty-first Session

PROVISIONAL LIST OF DOCUMENTS
ISSUED AT THE FIFTY-FIRST SESSION

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A/AC.96/929	Report of the Seventeenth Meeting of the Standing Committee
A/AC.96/930	Note on International Protection
A/AC.96/931	Voluntary Funds Administered by the United Nations High Commissioner for Refugees: Accounts for the Year 1999
A/AC.96/932	Annual Programme Budget - 2001
Add.1	Report of the ACABQ
A/AC.96/933	Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds Administered by the United Nations High Commissioner for Refugees for the Period Ended 31 December 1999
Add.1	Measures Taken or Proposed in Response to the Recommendations in the Report of the Board of Auditors
A/AC.86/934	UNHCR's Inspection Activities
A/AC.96/935	UNHCR's Evaluation Activities

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A/AC.96/936	Action Taken on Decisions and Conclusions of the Fiftieth Session of the Executive Committee
A/AC.96/937	Provisional list of Documents Issued at the Fifty-first Session*

In Session

A/AC.96/938	Annual Theme : UNHCR@50: from response to solutions
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A/AC.96/941	Agenda
A/AC.96/942	Report of the Work of the Standing Committee
A/AC.96/943	Report of the Nineteenth Meeting of the Standing Committee

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EXECUTIVE COMMITTEE OF THE HIGH COMMISSIONER'S PROGRAMME

Fifty-first session

LIST OF DOCUMENTS
ISSUED AT THE FIFTY-FIRST SESSION

A/AC.96/LI/L.1	Provisional Annotated Agenda
A/AC.96/929	Report of the Seventeenth Meeting of the Standing Committee
A/AC.96/930	Note on International Protection
A/AC.96/931	Voluntary Funds Administered by the United Nations High Commissioner for Refugees: Accounts for the Year 1999
A/AC.96/932 and Corr.1 and Corr.2	Annual Programme Budget - 2001
Add.1	Report of the ACABQ
A/AC.96/933	Report of the Board of Auditors to the General Assembly on the Accounts of the Voluntary Funds Administered by the United Nations High Commissioner for Refugees for the Period Ended 31 December 1999
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A/AC.96/941	Agenda
A/AC.96/942	Report of the Work of the Standing Committee
A/AC.96/943	Report of the Nineteenth Meeting of the Standing Committee
A/AC.96/944	Report of the 51st Session of the Executive Committee of the High Commissioner's Programme

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EXECUTIVE COMMITTEE OF THE
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Fifty-first session

ANNUAL THEME:
UNHCR@50: FROM RESPONSE TO SOLUTIONS

INTRODUCTION

1. Fifty years is an important milestone for an organization such as UNHCR, especially when it coincides with the beginning of a new millennium. It warrants a pause for reflection. Why has the refugee problem -- which at the inception of UNHCR was considered temporary and regional -- become both persistent and global? What events have compelled millions to become uprooted during these past decades? How have these events shaped the work of the Office? How has it responded to new demands as they arose? And what of the future? What are the essential challenges as we pass into the twenty-first century, with its uncharted terrain? How best can UNHCR fulfil the role entrusted to it by the international community to meet the needs for international protection, assistance and solutions of the refugees and others of its concern?

2. This Millennium Annual Theme paper provides a framework for this reflection. Part I retraces some of the main challenges of the past in a roughly chronological order. It portrays with broad brush strokes the essential elements of the response of the international community to the refugee problem. Part II gives an overview of some of the current dilemmas, identifying elements for solutions.

I. THE RESPONSE

1950s - Europe

3. To understand the extent and nature of changes that have occurred in the work of UNHCR over the past 50 years, it is important to consider the circumstances of its creation. The scars of World War II were only beginning to heal, not least those caused by massive population displacements. In the face of considerable difficulties and cost, the international community had already been involved in massive repatriation and resettlement operations.

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And still there remained the lingering problem of refugees in camps in Europe awaiting permanent solutions.

4. As the Cold War between the East and West became entrenched, so came the recognition by a growing number of States of the need for a new United Nations refugee body. Negotiations leading to the adoption of the 1951 Convention relating to the Status of Refugees were well advanced. UNHCR's task, as defined in its Statute[1], would be to provide international protection for refugees and seek permanent solutions to their problem by assisting governments to facilitate their voluntary repatriation or their assimilation within new national communities. However, the means put at its disposal were extremely limited: an initial life-span of three years and a small budget, mainly financed from voluntary contributions.

5. The Hungarian crisis in 1956 engendering a swift and massive exodus of some 200,000 refugees, mainly into Austria, was UNHCR's first major emergency. Setting the pattern for many more emergencies that would follow in the decades ahead, both relief assistance and longer-term solutions were called for.

6. Two important features characterized UNHCR's response to these needs. First, it worked with governments -- including particularly the Governments of Austria, Hungary and Yugoslavia -- cutting through political divides to find solutions. Second, it worked closely with other key actors such as the ICRC (in Hungary), the League of Red Cross Societies (in Austria) and a range of voluntary agencies highlighting the need for partnerships. Many of the refugees were resettled rapidly in 35 countries across the globe. A smaller number chose to repatriate. These results earned UNHCR credibility, while demonstrating the need for an international body specifically responsible for refugees. In 1957, the General Assembly recognized that the refugee problem was global, authorized the establishment of an emergency fund, and decided on the creation of the Executive Committee of the High Commissioner's programme[2].

1960s - Beyond Europe

7. In the decade that followed, the span of UNHCR's activities reached well beyond Europe. As precursor to this shift of focus, the High Commissioner had already been called upon by the General Assembly[3] to assist Chinese refugees in Hong Kong, followed by a similar request on behalf of Algerian refugees in Morocco and Tunisia[4]. But it was in countries of sub-Saharan Africa that its action was mainly to extend in a series of refugee crises, frequently linked to the painful process of decolonization. By the end of the 1960s, some two-thirds of UNHCR's programme funds were being spent in Africa.

8. The largest groups affected by the struggle for independence were those from Portuguese territories (Angola, Mozambique and Guinea-Bissau) who fled repression and bloodshed by escaping into neighbouring countries. For these, as for other victims of the bitter fight for freedom, UNHCR provided material assistance and supported the generous hospitality provided by so many African

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[1] General Assembly resolution A/RES/428 (V) Annex
[2] General Assembly resolution A/RES/1166 (XII)
[3] General Assembly resolution A/RES/1167 (XII)
[4] General Assembly resolution A/RES/1286 (XIII)

States, while awaiting the opportunity to return to their homes. For many this came once independence was secured, in some cases after a few years. Other situations yielded less positive results. In the Great Lakes, brutal conflicts in Burundi and even more acutely in Rwanda, led to waves of displacement for which no durable solutions were found. This failure no doubt contributed to the genocide that was to occur three decades later.

9. Faced with the broadening of its activities, a major aspect of UNHCR's response was to expand the international protection regime. The Protocol relating to the Status of Refugees, adopted in 1967, achieved this by removing the temporal restrictions of the 1951 Convention. The Protocol was opened for acceptance also by States which had not so far ratified the 1951 Convention. The adoption in 1969 of the OAU Convention governing the specific aspects of refugee problems in Africa was another decisive step. It served as an essential regional complement, with the refugee definition and other key provisions attuned to a regional perspective of the refugee problem and setting invaluable standards for other parts of the world.

1970s - Expansion of activities

10. The early 1970s witnessed yet another extension of UNHCR's activities, this time into Asia, yielding new experience and new lessons to be learned. Fleeing the conflict between India and Pakistan, 10 million people entered India in 1971 from what was then East Pakistan. Shortly afterwards, UNHCR was called upon to assist with a massive repatriation operation that enabled the vast majority to return to what had become the independent State of Bangladesh. Some time later, in 1973-74, UNHCR was again at work organising an airlift of displaced persons between Bangladesh and Pakistan.

11. Difficult and challenging though they were, these operations gave UNHCR invaluable experience. For the first time, the Office was designated as "Focal Point" by the Secretary-General for the coordination of all United Nations assistance to refugees from Bangladesh in India. A Standing Inter-Agency Consultative Unit was established to facilitate communication. The massive relief operation, in a highly politicized environment, exposed the Office to problems that were to reoccur with depressing regularity in the years ahead: sudden and massive movements; difficulties in procurement and delivery of food and other basic supplies; the ravages of disease in crowded, inadequate camps; not to mention the onerous responsibility as focal point, later to be called "lead agency".

12. The flight from countries in Indochina following the communist victories in Viet Nam, Cambodia and Laos in 1975 was yet another turning point for UNHCR. It led to a protracted engagement both with countries of the region and with Western countries of resettlement in a long and difficult search for solutions. Of the many milestones marking this engagement, one of the most important was the International Conference on Refugees and Displaced Persons in South East Asia, held in 1979 in Geneva. It came at a time when the world was following with grave concern the plight of Vietnamese fleeing their country in flimsy boats, confronting the perils of the sea and pirates, only to be pushed back as they reached the shores of neighbouring countries. A three-way agreement emerged from the Conference: ASEAN countries promised to provide temporary asylum; Viet Nam undertook to promote orderly departures in place of illegal exits; third countries agreed to accelerate the rate of resettlement. Some worries were voiced at the time concerning certain

aspects of this arrangement. Yet it was a positive example of international solidarity and burden-sharing -- a concept that has underpinned UNHCR's response and that of the international community over the years.

1980s - Crises in three continents

13. In the 1980s, a series of conflicts fuelled to a large degree by Cold War tensions caused extensive refugee crises, which occurred simultaneously across three continents. The involvement of the superpowers added to the pressures placed upon UNHCR as it struggled to meet the new needs.

14. This was certainly the case in the Horn of Africa, where large-scale displacements were prompted by war and famine. The influx of Ethiopians into Sudan in 1984 was among the most harrowing. The hastily erected refugee camps could not offer adequate conditions and care, such as it was, came too late for many. In Afghanistan too, bitter conflicts led to massive arrivals of refugees into neighbouring countries -- Pakistan and the Islamic Republic of Iran -- where they constituted the largest refugee population at the end of the decade. Efforts to assist them were hampered both by security problems and by uneven donor response to funding needs. In Central America, civil wars in Nicaragua, El Salvador and Guatemala also caused waves of displacement, mostly to Honduras, Mexico and the United States. As elsewhere, many of the refugees were accommodated in camps, and the problems entailed in providing them with protection and assistance were compounded by political constraints.

15. An increasing reluctance of States to grant the necessary protection within the agreed international framework became evident during the decade. The magnitude of the refugee problems around the world, the levels of national and regional insecurity they generated and an increasing reluctance by States to continue to meet what they viewed as the rising financial, political, environmental and social costs of maintaining large refugee populations, or receiving a continuous flow had a negative impact on the willingness of countries to provide asylum. The blurred distinction in countries not only in the North but increasingly in the South between refugees and other irregular migrants further eroded the consensus on the importance of asylum. This environment posed an enormous obstacle to the efforts of the international community to address refugee problems in a coherent manner. The legacy of the challenge of managing refugee and migratory movements in a way that upholds human rights and humanitarian principles, while addressing the legitimate concerns of States and receiving communities, is still with us.

16. In responding to major crises, UNHCR's programme inevitably grew considerably. From 2.8 million refugees worldwide in 1975, the refugee population had grown to nearly 15 million by the end of the 1980s, and its budget had increased from $76 million to more than $580 million. This was also the period when efforts began to increase its emergency response capacity, with the expansion of an emergency unit that was first created in 1980.

1990s - Post Cold War

17. While long-standing conflicts, such as in Afghanistan, remained unresolved, the end of the Cold War allowed for new opportunities for peace in many areas of the world. With the support of the United Nations, agreements were reached in Namibia, Central America, Cambodia and Mozambique. They led, in turn, to large-scale repatriation movements in which UNHCR played a major role.

18. In Namibia, as had been the case much earlier in Algeria and Bangladesh, UNHCR limited its assistance to immediate needs and withdrew promptly once satisfied that the return was completed and basic protection issues (such as amnesties for returnees and other legal questions) were resolved. By contrast, in Central America, Cambodia and Mozambique, it was actively involved in helping the returnees rebuild their war-torn countries and reintegrate into local communities learning to live peacefully alongside former foes. The means it employed for this purpose included the quick impact projects, first tried and tested successfully in Central America. These micro-projects often involved the rehabilitation of basic facilities such as clinics and schools. While the funding could be modest, their success hinged largely on active community involvement, with women playing an important role. Another important aspect of UNHCR's response was to cooperate with development agencies, as happened in Mozambique. Here UNHCR worked closely with UNDP and the World Bank designing complementary programmes. Despite many problems along the way, the essential objective -- that of ensuring sustainable return -- was largely met.

19. With the sudden dissolution of the Soviet Union in December 1991, however, it became clear that there was a need to replicate regional approaches in Europe to address the outbreak of inter-ethnic conflict and nationalist and secessionist movements in the former Republics. A Regional Conference to Address the Problems of Refugees, Displaced Persons, Other forms of Involuntary Displacement and Returnees in the Countries of the Commonwealth of Independent States and Relevant Neighbouring States (CIS Conference) was convened in 1996 by UNHCR, in cooperation with the International Organization for Migration (IOM) and the Organization for Security and Cooperation in Europe (OSCE). Through its Programme of Action, a process of regional cooperation was launched to respond to the problems of up to nine million displaced persons in the former Soviet Union and the threat of future mass displacements. It provided a broad framework for UNHCR's activities in the region and offered scope for innovative responses, including the concept of "preventive protection". The problem of statelessness and unclear nationality status gained increased attention by the Office in this endeavour. Activities to reduce statelessness have become an essential means of making protection more effective.

A new generation of emergencies

20. The first major emergency relief operation in the post-Cold War era came as a result of the mass outflow of Kurds from northern Iraq following the Gulf War in early 1991. It was during this crisis that the concept of a "safe haven" was put into practice inside northern Iraq. UNHCR cooperated closely with coalition military forces, particularly as hundreds of thousands began returning to Iraq in mid-1991. At the same time, the Office assumed overall responsibility for protection and assistance to the returning

refugees. This experience proved to be an initial step in the opening of new channels of communication with the military.

21. Another major test for UNHCR during the decade was in the Great Lakes region of Africa. Following the genocide in Rwanda, over two million refugees amassed on border areas, generating shocking scenes of human suffering and death in the international media. The control of camps and settlements was largely in the hands of armed elements, confounding relief efforts. Generally poor conditions in the refugee hosting areas, epidemics and war increased the suffering and caused the death of thousands. After several years of stalemate, the spread of conflict in the region forced refugees to flee back into Rwanda and elsewhere in the region. Their reintegration is still ongoing.

22. Large-scale population movements in the Balkans region generated in the wake of the disintegration of Yugoslavia, resulted in a series of even more complex international relief operations, in which UNHCR was requested to assume the role of "lead agency". At the International Meeting on Humanitarian Aid for Victims of the Conflict in the Former Yugoslavia in July 1992, UNHCR put forward a Comprehensive Response to the Humanitarian Crisis in the former Yugoslavia. This became the basis for international action related to refugees and displaced persons from the region and led to countries in the region establishing "temporary protection" regimes.

23. In Bosnia and Herzegovina, for the first time in its history, UNHCR mounted a relief operation in the midst of an ongoing war to assist not only refugees, but also internally displaced and other war-affected populations. During the war, more than 80 per cent of the emergency relief supplies distributed to civilians were delivered by UNHCR. This entailed close cooperation with other United Nations agencies such as FAO, UNICEF, WFP and WHO, as well as a multitude of international and local NGOs which operated under UNHCR's "umbrella". The Dayton Agreement signed at the end of 1995, emphasized the right of refugees and displaced persons to return to their homes and called on UNHCR to develop a repatriation plan. Nevertheless, no provisions were made to enforce this. Despite the strenuous efforts to encourage reconciliation and facilitate voluntary returns, hundreds of thousands remained displaced and unable to return to their former homes. Refugees contemplating return to areas where their ethnic group was in the minority were among those unable to return. The aftermath of ethnic cleansing and the underlying political motivations have yet to be dealt with in a concerted and consistent manner.

24. Ethnic tensions in the Balkans came to a head again when conflict erupted in the province of Kosovo, leading to a mass outflow of Kosovo Albanians into surrounding countries and areas. The exodus quickly overwhelmed the response capacity of host governments and humanitarian organizations alike, including UNHCR. UNHCR accepted an offer by NATO to provide support in the humanitarian relief operation. The support of NATO was particularly critical in finding a solution for the large number of Kosovo Albanians stranded on the border with The former Yugoslav Republic of Macedonia. In addition to establishing new camps, a "humanitarian evacuation programme" was launched in close cooperation with IOM, whereby refugees were allowed to enter the country and then transferred to third countries. When the refugees began to return en masse several months later, it was to a region devastated by war. Homes were in ruins and the infrastructure so

damaged that it was inadequate to support them. The United Nations Interim Administration Mission in Kosovo (UNMIK) was entrusted with reestablishing social structures and law and order. UNHCR played an important role in establishing and undertaking activities under the Humanitarian Pillar of UNMIK. Despite these efforts, the flight of Serbs and other minority populations highlighted the difficulties of reintegrating communities torn apart by ethnic strife. Efforts to promote coexistence, let alone reconciliation, are still to bear fruit.

The continuing challenges

25. The proliferation and nature of conflicts during the 1990s resulted in an increased demand for rapid responses and solutions, sometimes at the expense of humanitarian and refugee protection principles. UNHCR and its partners were required to work simultaneously in countries of asylum and of return. The High Commissioner encouraged the international community to adopt broader, regionally based peace-building approaches to stop the spiral of conflict, poverty and human displacement. However, UNHCR was left all too often on its own to deal with problems which were essentially of a political nature. The gap between emergency relief and longer-term development and reconstruction activities continued to be very wide.

26. Throughout these crises, UNHCR was also confronted with the enormously difficult task of providing assistance in the midst of armed conflict and an exponential growth in the number of international actors involved in responding to humanitarian crises. Just "being there" became almost a necessity for many different actors. Humanitarian resources were increasingly used by governments directly or channelled through national NGOs. This diminished the ability of humanitarian agencies to operate and emphasized the need for improved coordination and enhanced partnerships. Nevertheless, new relationships were fostered with actors such as regional security organizations, multinational military forces, humanitarian and development organizations, war crimes investigators, peace negotiators, and the media.

27. Humanitarian staff found themselves frequently working in insecure situations, severely limiting their access to displaced populations and putting their own safety at risk. In addition, the civilian character of refugee camps and settlements were often compromised, particularly when refugee camps were placed close to borders. Lack of commitment to address the problem of militarization of camps within their territories also brought about worrying security threats to refugees and humanitarian workers alike. These are challenges UNHCR and the international community are still struggling to comes to grips with.

II. SOLUTIONS

28. In its fifty years of existence, UNHCR has helped millions of people to return to their homes, settle locally in their countries of asylum, or resettle in third countries. Yet the problem of the displaced and uprooted is far from solved. UNHCR is in the midst of responding to several current crises around the world, including in Chechnya (Russian Federation), the Horn of Africa, Sierra Leone, and Timor as well as continuously in Afghanistan. The new millennium has indeed begun without visible improvement in the well-

being and security of millions of new refugees, and it is likely that the situations will become even more complex in the years ahead. While there is hope that conventional conflicts between States may be on the wane, internal crises and secessionist tendencies may well continue to multiply, with many lingering unresolved for many years and liable to restart at any time. The solutions to problems such as these go far beyond the realm of purely humanitarian work. Yet, against this broader context, the various actors involved in bringing protection and assistance to refugees and the displaced can have an impact by working in tandem with all concerned in a number of key areas. Some of the most pertinent are identified below, with suggested elements for solutions.

Strengthening the institution of asylum

29. The 1951 Convention relating to the Status of Refugees which, with the 1967 Protocol, continues to be the bedrock of the international protection of refugees, was primarily drawn up in response to the mass displacement that followed World War II. As the century drew to a close, the institution of asylum was under assault, as countries faced growing numbers of asylum-seekers, mixed with uncontrolled flows of illegal immigrants. The response has been to restrict or refuse admission to their territory, combined with other deterring measures. In turn, many of those seeking asylum have been driven into the snares of traffickers and smugglers, increasing the suspicions held by large sectors of public opinion as to their motives. And the problems are not limited to the industrialized North. In the South too, the burden of hosting large numbers of refugees with limited assistance from the international community, combined with threats to their stability, has led some countries to show great reluctance to continue their tradition of hospitality to those in need of asylum. The problems are compounded still further when governments fail to cooperate in allowing their citizens to return.

30. With the growing complexity of population movements, there are no easy solutions. Together with the many partners in this field, UNHCR is pursuing a strategy with the following components:

- Maintain an open dialogue with States that acknowledges their legitimate concerns, while calling upon them to uphold their legal obligations under international legal instruments. Such a dialogue is of particular importance in the industrialized world, where standards in this field have an "export value". As agreed at the summit meeting of the European Union in Finland in October 1999, a common European asylum system is being developed as follow-up to the 1997 Treaty of Amsterdam. UNHCR's involvement in this process will seek to ensure the "absolute respect of the right to seek asylum" that was reaffirmed at the summit.
- Assist countries (particularly those of Central and Eastern Europe) who are recent signatories to the Convention and Protocol, in developing or refining their asylum systems in order to ensure adequate standards of treatment for those seeking asylum.
- Encourage comprehensive approaches, notably at the regional level, to the issue of migration and population movements, such as the Pueblo Process in Central America, and other regional initiatives of a similar kind in Asia (through the APC consultations), Central Europe (as follow-up to the CIS Conference) and elsewhere.

- Enhance the capacity of first countries of asylum to extend adequate protection to refugees on their territory.
- Enhance the capacity of developing countries to receive back their citizens, by encouraging development and related initiatives in countries of origin, especially areas of return.
- Undertake global consultations involving States, host communities and the international community, aimed at revitalizing the protection regime, including by addressing gaps and inadequacies of the current system.

Building partnerships

31. Over the past decade, there has been an exponential growth in the number of humanitarian and other actors involved in responding to refugee crises. UNHCR has endeavoured to ensure that their responses were undertaken in a coordinated and mutually supportive manner. In some cases, the Office linked up with military forces, taking advantage of their logistical and communications expertise and equipment in situations where refugees arrived in areas which were remote and difficult to gain access. In other cases, UNHCR entered into cooperative arrangements with the private sector. Often the staff of private sector organizations were the driving force behind initiatives to assist humanitarian operations. They were willing to contribute their expertise and brought innovative ideas and solutions to complex issues.

32. Civil society in many parts of the world has also played a key role in ensuring a coherent response to problems of displacement. The knowledge and grassroots experience of local populations can enhance humanitarian efforts. In addition, partnerships with national societies have helped to raise the consciousness of the global public to the needs of refugees and displaced persons and have generated new sources of support for the Office. Refugees themselves and their communities have also made substantial contributions to finding solutions to their plight. UNHCR has sought to take advantage of their special knowledge and skills to enhance the effectiveness of assistance and in the design and implementation of activities on their behalf. Their participation in peace-building processes has produced positive results.

33. UNHCR has long established partnerships with many organizations, including with other United Nations agencies. Cooperation with the Office for the Coordination of Humanitarian Affairs (OCHA) has been particularly important in meeting the challenges of complex emergencies over the past years. There is room to elaborate these further and develop other new partnerships with corporations and civil society. This can be accomplished through a number of means, including the following:

- Strengthen UNHCR's relationship with national NGOs, including through the Partnership in Action (PARinAC) and Reach Out initiatives. This can enhance local responses to refugee issues and promote consistency in approaches.
- Develop and support national societies to raise awareness of UNHCR's work and the needs of displaced persons and support for UNHCR's work on their behalf. National societies have also proven effective in combating xenophobia and facilitating the integration of resettling refugees.
- Support UNHCR's effort to establish and develop relationships with private sector organizations and corporations. Globalization has produced a

significant shift in the economic balance of modern societies. The business sector, the media, private organizations and individuals have control over increasing amounts of resources. In addition, instantaneous access to information and the ability to communicate quickly to virtually anywhere in the world has opened up new possibilities for humanitarian responses. The private sector has been instrumental in harnessing these technologies and has expertise to shape them to suit the needs of refugees and the agencies that endeavour to assist them.

Increasing security

34. The changing nature of conflict has led in recent years to increasingly complex movements of civilians fleeing along with armed elements. In extreme situations, refugee populations have been held hostage in desperate attempts by former regimes and rebel groups to further their aims. In less difficult situations, it is recognized nevertheless that like other large, poor and densely-populated human settlements, refugee camps and populated areas are often prone to insecurity, especially when basic services are lacking and no resolution to the situation is in sight. UNHCR and its partners frequently find themselves operating in these types of insecure situations. While it is clear that host States have primary responsibility for the physical protection of refugees and ensuring the humanitarian and civilian character of camps and settlements, some have been unwilling or unable to uphold this responsibility. As a result, refugee security and staff security have become closely intertwined.

35. UNHCR has proposed several means of addressing this critical and complex issue. They include the following:

- Enhance cooperation between States to ensure that sufficient resources are available to host countries to allow them to uphold their responsibilities in maintaining security. This includes the provision of advice, training, technical assistance and funds in a spirit of international solidarity and burden-sharing.
- Undertake preventive action through the rapid deployment of law and order and public security personnel. Stand-by arrangements to deploy such staff along with UNHCR emergency teams need to be established with governments. These officers would work closely with host governments and be allowed unhindered access to refugee hosting areas.
- Strengthen the capacity of the Department of Peace-Keeping Operations and the Office of the United Nations Security Coordinator to respond to situations in which refugee populations are put at risk. Improving their capacity to analyse and respond to realities on the ground can improve UNHCR's efforts to assist populations.
- Support for UNHCR's efforts to reinforce its emergency preparedness and response capacity, including through the strengthening of training and communication networks.
- Support for the development of a protocol to the 1994 Convention on the Safety of United Nations and Associated Personnel to extend its scope of legal protection to all United Nations and associate personnel, including locally recruited staff.

Linking humanitarian assistance and longer-term development

36. Experience gained, particularly in the past two decades, has illustrated the need to see beyond immediate assistance to longer-term needs. This need is particularly acute in situations of return to countries devastated by conflict and bloodshed. UNHCR has been involved in a number of repatriation operations, each with different circumstances and challenges. But one feature was common to all: the keen desire shown by the vast majority of those having suffered displacement to be able to return home as swiftly as possible. To be sustainable, however, the return must be accompanied by measures to help rebuild shattered infrastructure and rekindle the economic life of the community.

37. Similarly, countries hosting large refugee populations over protracted periods of time suffer longer-term economic and social prejudice which, if ignored, can spark off resentment, even instability.

38. The solutions proposed to close the "gap" between humanitarian assistance and longer-term development again involves a wide range of partners, combining their efforts to:

- Develop strategies with a regional dimension, such as used at the 1989 International Conference on Central American Refugees (CIREFCA), which successfully linked reintegration to national development programmes. A more recent example, deserving active support from all concerned is the Stability Pact for South-eastern Europe, adopted by the European Union, participating countries and other supporting governments, international organizations and agencies in 1999, with the aim of fostering peace, democracy, respect for human rights and economic prosperity throughout the entire region.
- Encourage and support similar efforts elsewhere, such as in West Africa where UNHCR is involved along with international development agencies and regional bodies, designed to give a more significant role to civil society, to improve governance and to increase economic opportunities.
- Strengthen links between international agencies involved in humanitarian and development activities to overcome the institutional and funding disparities that impede the transition from relief to development. The example shown in the early 1990's in Mozambique, where the World Bank, UNDP and UNHCR worked side by side in helping refugees to reintegrate following their return home is evidence that it can be done. The "Brookings Process" involving a wider range of stakeholders, seeks to take this a step further by achieving a greater integration of planning and efforts making maximum use of resources and mechanisms already available. Having selected a number of pilot countries, the approach is currently being tested.
- Call upon States with such needs to adjust their own development agenda in order to make full use of mechanisms that now exist within the United Nations system: the Common Country Assessment and the Development Assistance Framework.

Promoting and building peace

39. Humanitarian action alone cannot resolve fundamental social, economic and political problems that can lead to or perpetuate problems of displacement. Yet that is not to say that humanitarian actors have no role to play in promoting and building peace, helping to remove at least some of

the root causes. UNHCR, through its activities on behalf of refugees and others of concern, promotes international efforts in prevention, conflict resolution and peace-building. In turn, United Nations peace operations lend a hand to UNHCR's endeavours to solve refugee problems.

40. Over the years UNHCR has been instrumental in peace negotiations. Already in Bangladesh and in Cyprus in the 1970's, it played a modest but important mediating role between opposing parties. In the early 1990's it was involved in extensive consultations in the process leading up to the Paris Peace Agreement for Cambodia, where repatriation was recognized as an essential element. More recently it advised on repatriation issues as the Dayton Peace Accords were established in 1997. The High Commissioner is also frequently called upon to give briefings at the Security Council on humanitarian issues that have a bearing on peacekeeping or peace-building.

41. As we enter the twenty-first century, the community of nations and other actors concerned need to combine their action in order to:

- Ensure that political decisions are made with full understanding of the underlying humanitarian concerns and possible consequences. Humanitarian aspects in conflict prevention and resolution need to be addressed at the outset of such efforts.
- Support efforts to limit the flow of arms, assist in demobilizing armed groups, and combat the forced conscription of children.
- Encourage and support action designed to bring to justice those responsible for perpetrating brutality and violating basic human rights, as a precondition for lasting reconciliation. This involves restoring and building up national judicial systems. It also means supporting the various war tribunals introduced by the United Nations in recent years, and hastening the creation of the proposed International Criminal Court.
- Support communities in their efforts to restore the complex web of relations destroyed by war and exile, recognizing the essential role that can be played by grassroots groups, notably women, in these efforts. Creative projects -- no matter how modest -- ranging from Peace Education programmes for children and adults of all ages, to small but concrete community-based coexistence projects, help to heal the scars of the past and rebuild a future together.

42. Humanitarian actors such as UNHCR have an important role in ensuring that solutions, particularly repatriation, are sustainable. There remains the challenge of helping shattered communities, once torn apart by hatred and brutality, to learn to live together again as the first step towards reconciliation. Efforts are already under way. Any vision of the twenty-first century must have peace-building as an essential component, combining the strengths of individuals, States and the community of nations towards this goal.